



AUGA GROUP AB

Consolidated Interim
Report and Consolidated
Interim Financial Statements
for 6 Months Period
Ended 30 June 2020

2020

TABLE OF CONTENTS

I. CONSOLIDATED INTERIM REPORT	2
1. General information	2
2. Business and financial results overview	4
3. Corporate governance and personnel	12
II. FINANCIAL STATEMENTS	18
Consolidated balance sheet	18
Consolidated income statement	19
Consolidated statement of changes in equity	20
Consolidated statement of cash flows	21
III. EXPLANATORY NOTES	22
1. Basis of the preparation	22
2. Share capital	23
3. The Structure of the Group	24
4. Property, plant and equipment	29
5. Biological assets	30
6. Inventory	30
7. Receivables and advance payments	31
8. Financial liabilities	32
9. Leases	32
10. Results of business segments	33
11. Operating expenses	35
12. Other income	35
13. Financial expenses	35
14. Business combinations	36
15. Material transactions with related parties	36
16. Subsequent events January – August 2020	37



I. CONSOLIDATED INTERIM REPORT

1. General information

1.1. Accounting period covered by the Report

Consolidated annual report was prepared for the six months period ended 30 June 2020.

1.2. Key data on the issuer

Name of the company:	AUGA group, AB (hereinafter – AUGA group, AB or the Company)
Share capital:	EUR 65,950,713.08
Address of headhalls:	Konstitucijos av. 21C, Quadrum North, LT-08130, Vilnius, Lithuania
Telephone:	+370 5 233 53 40
Fax:	+370 5 233 53 45
E-mail address:	info@auga.lt
Website:	www.auga.lt
Legal entity form:	Legal entity, joint stock company
Place and date of registration:	25 June 2003, Vilnius
Register code:	126264360
Registrant of the Register of Legal entities:	VĮ Registrų centras

1.3. Main lines of business of the Group

Operations area:	Organic agriculture
Main products manufactured:	Grain growing and sale, milk production and sale, mushroom growing and sale, end-consumer packaged goods production and sale.

1.4. The Structure of the Group-

As of 30 June 2020, the consolidated Group (hereinafter the Group) consists of the Company and one hundred thirty-seven subsidiaries (31 December 2019: one hundred thirty-six subsidiaries). Please refer to the financial statements note 3 for a detailed list of the Group companies.

1.5. Agreements with the mediators of securities public circulation

The Company and FMJ Orion Securities UAB (A. Tumėno st. 4, B building, LT-01109 Vilnius) signed an agreement regarding handling of Shareholders accounts.

1.6. Data about securities traded on regulated markets

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

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

The securities of the Company are also traded in Warsaw stock exchange.

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

1.6. Data about securities traded on regulated markets (continued)

Reporting period	Price, EUR			Date of last session	Total turnover	
	max	min	Last session		Units	EUR, million
2020 I quarter	0.362	0.265	0.273	2020.03.31	2,953,395	0.957
2020 II quarter	0.406	0.268	0.398	2020.06.30	3,615,072	1.226

AUGA group, AB share price variance (Eur) and Volume for the period of 1 January 2015 to 30 June 2020.



Source: NASDAQ Vilnius stock exchange

The Company's shares are also traded on the Warsaw Stock Exchange.

1.7. Information on non-financial reporting

The Company does not prepare interim non-financial reporting information. Annual sustainability report of the Company for the year 2019 is provided as Annex No. 2 of the Company's consolidated annual report for the year ended 31 December 2019.

1.8. Significant post balance sheet events

Post balance sheet events are disclosed in the consolidated financial statements of the Group for the six months period ended 30 June 2020. See financial statements' note 16 for more details.

2. Business and financial results overview

2.1. Overall results

During the first half of 2020, AUGA group, AB and its subsidiaries (hereinafter - the Group) sales revenue amounted to EUR 34.69 million, a 20% increase compared to the same period of 2019, when it was EUR 28.84 million. Revenue increased in all segments, with highest increases in crop-growing (sales increased by EUR 3.12 million) and mushrooms segments (sales increased by EUR 1.41 million).

The Group's gross profit for the first half of 2020 amounted to EUR 8.58 million and was EUR 2.25 million higher compared to the same period of 2019 (gross profit for the first half of 2019 - EUR 6.33 million).

Main financial results, million EUR	Half-year 2020	Half-year 2019	Variance, %
Revenues	34.69	28.84	+20%
Gross profit (loss)	8.58	6.33	+36%
Net profit (loss)	1.30	0.34	+382%
EBITDA	11.53	9.33	+24%

During first half of 2020, the Group earned EUR 1.30 million net profit compared to EUR 0.34 million a year earlier.

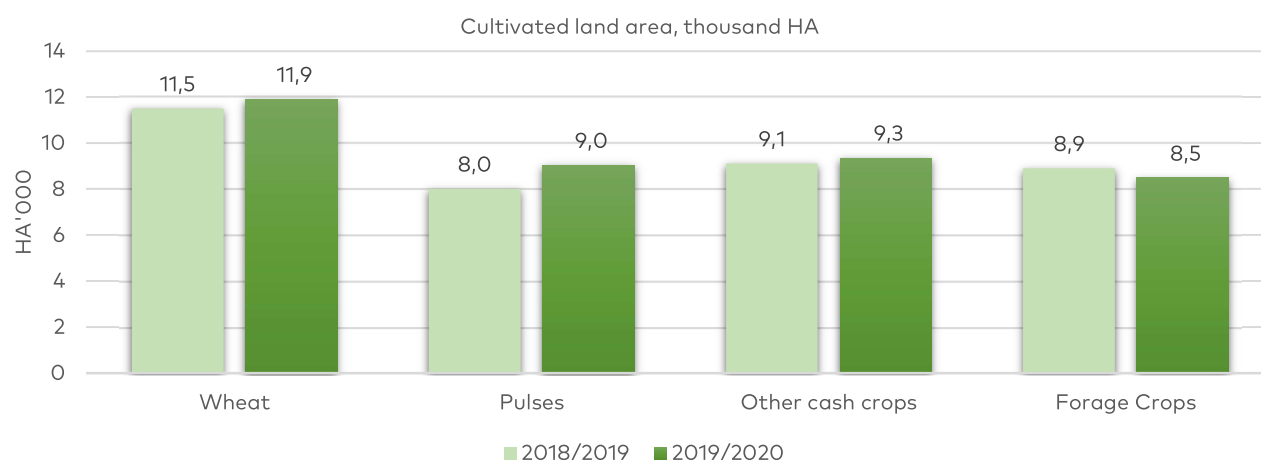
Group's EBITDA increased by 24% and was equal to EUR 11.53 million in the first half of 2020 (EUR 9.33 million during the same period last year).

2.2. Crop growing segment overview

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

Harvest in the season 2019/2020

The total cultivated land area by the Group amounts to around 39.6 thousand hectares in the season of 2019/2020 and is more than 1 thousand larger than in the season of 2018/2019. In the season of 2019/2020 30.3 thousand hectares have been seeded with cash crops (28.7 thousand in the season of 2018/2019) out of which 11.9 thousand ha are dedicated to wheat, 9.0 thousand ha to legumes and 9.3 thousand ha to other cash crops. The majority – 11.3 thousand ha out of 11.9 thousand ha – of wheat is winter wheat, in a similar proportion to the season of 2018/2019 since winter crops usually have higher yield potential compared to summer alternatives. Forage crops comprise 8.5 thousand ha in the season of 2019/2020 compared to 8.9 thousand ha in 2018/2019 season.



2.2. Crop growing segment overview (continued)

On the reporting date the condition of the crops was good, there were no signs of large lodged areas. The Group estimated the total fair value of cash crops as at 30 June 2020 using following formula and assumptions:

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

- Cost incurred is cost actually incurred for particular crop during the season of 2019/2020 as at 30 June 2020.
- Cultivated area in ha is an area of particular crop seeded and expected to be harvested.
- Average yield tons per ha forecasted: 4.3 ton/ha for wheat, 2.2 ton/ha for winter rapeseed, 2.9 ton/ha for rye and 3.9 for barley.
- Forecasted grain price per ton. Contracted average sales prices of 2020 were used for fair value estimation. At the issue date of this report, 66.7% of current year harvest is already contracted.
- Forecasted total cost per ha. Current level of accumulated costs adjusted by average historical cost levels of 2018 and 2019 were used for fair value estimation. It is expected that costs will remain in similar level as in historical periods.
- T is a time portion, spanning from the sowing date until the forecasted harvest date. In case of winter crops fair value estimation as at 30 June 2020 portion was 76-95% depending on the particular winter crop as harvesting of winter crops were almost completed, while summer crops' completion percentage as at 30 June 2020 varied between 38-62%.
- X is an adjustment parameter for possible unexpected negative effects to the harvest. 10% was used in fair value estimations as at 30 June 2020.

As of 30 June 2020, fair value was estimated for all cash crops (total area of 30.3 thousand hectares) in line with the aforementioned method. The estimated fair value of cash crops as at 30 June 2020 is higher than the costs incurred by EUR 6.38 million. It should be noted that due to mild winter and significant biological transformation at the end of 2019, EUR 1.45 million gain from fair value of winter crops was already recognized as at 31 December 2019. Thus, the gain on changes in fair value of biological assets accounted for in the first half of 2020 amounts to EUR 4.93 million.

The formula discussed above will be used to estimate fair value of all cash crops for coming periods until the actual harvest is completed. In each interim valuation forecasted parameters are adjusted following the most recent data available. At the publication date of this report harvesting of some cultures (rapeseed, winter barley, winter rye, summer and winter wheat) has already been completed or nearly completed. Thus, estimations used in fair value calculation reflects most recent results of current year harvest.

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

Crop growing segment sales results

Crop growing segment's sales revenue for the first half of 2020 amounted to EUR 11.89 million compared to EUR 8.78 million for the same period in 2019 (36% increase). By the end of first half of 2020 all harvest from the 2018/2019 season was sold. The sales increased due to larger quantities sold, given that the 2018/2019 harvest season was significantly better than the 2017/2018 season.

	Half-year 2020	Half-year 2019	Variance	Financial year 2019
Sales revenue, EUR million	11.89	8.78	+36%	29.49
Cost of sales, EUR million	12.50	9.54	+31%	30.45
Inventory write-offs, EUR million	0.68	0.49	+39%	1.54
Result of sales of agricultural produce, EUR million	(1.29)	(1.26)	+2%	(2.50)

Crop growing segment's cost of sales for the first half of 2020 was EUR 12.50 million versus EUR 9.54 million in 2019. Cost of sales increase was 5% lower compared to revenue increase percentage. Total agricultural produce inventory write-offs and impairment during first half of 2020 amounted to EUR 0.68 million compared to EUR 0.49 million during the six months of 2019. Even though crops sales quantities increased, prices of commodities were dropping down in the first half of 2020, therefore total sales result of agricultural produce was EUR 1.29 million loss for the first half of 2020 and EUR 1.26 million loss for the same period in 2019.



2.2. Crop growing segment overview (continued)

Agricultural subsidies and gross profit of the crop growing segment

As at 30 June 2020 the Group has reclassified the subsidies related to grasslands and pastures from agricultural to dairy segment to have a better representation of the segments' results. The reclassification was performed in comparable period as well. The performed reclassification does not affect any other disclosures or results in general.

	Half-year 2020	Half-year 2019	Variance	Financial year 2019
Gain (loss) on revaluation of biological assets (crops) recognized in reporting period, EUR million	4.93	3.29	+50%	5.28
Total fair value gain (loss) on revaluation of biological assets, EUR million	6.38	3.29	+94%	5.28
Result of sales of agricultural produce, EUR million	(1.29)	(1.26)	+2%	(2.50)
Subsidies, EUR million	3.71	3.51	+6%	4.96
Gross profit, EUR million	7.35	5.54	+33%	7.74

The total amount of agricultural subsidies accrued during the first half of 2020 was EUR 3.71 million compared to EUR 3.51 million during the same period in 2019. The increase is related to a higher number of hectares seeded and declared for season 2020. At the publication date of this report, crop declaration for the season 2019/2020 has been completed. The accrual amount is based on the preliminary calculation for subsidies, based on the most recent information on the government subsidies programmes available. The Group does not expect to be sanctioned in 2020, as organic farming requirements, for which Group was sanctioned in 2019, have been removed for 2020.

Gross profit of crop growing segment including result of sales of agricultural produce, gain (loss) on changes in fair value of biological assets and agricultural subsidies, amounted to EUR 7.35 million in the first six months of 2020 compared to EUR 5.54 million the year earlier. It should be noted that EUR 1.45 million of fair value change of 2019/2020 season's winter crops was recognized in 2019 due to a significant biological transformation unusual for the winter season. If respective fair value change was recognized in 2020, the gross profit of crop growing segment would amount to EUR 8.80 million as at 30 June 2020.

2.3. Dairy segment overview

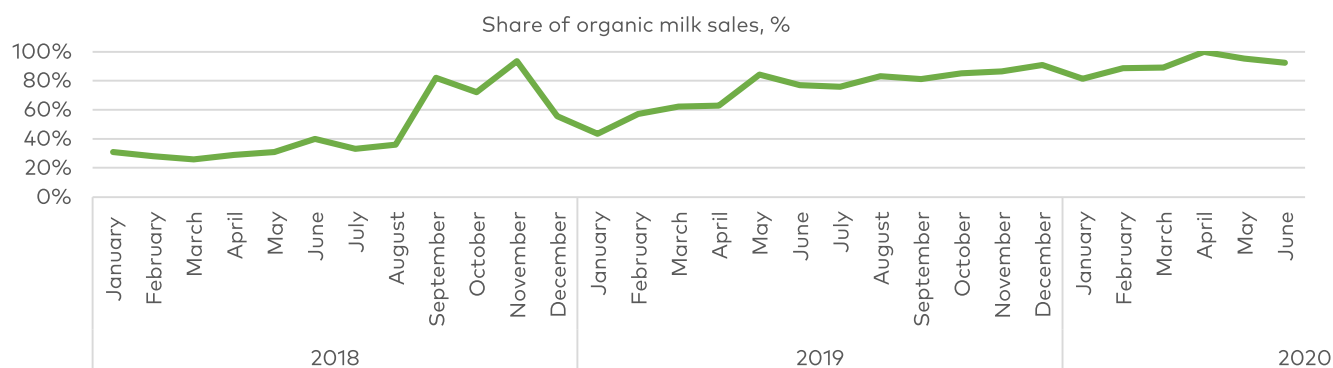
Dairy segment sales revenue for the first half of 2020 reached EUR 5.59 million and was around 7% higher than in the same period a year earlier. Increased total tonnage of milk sold and increased share of organic milk sales both contributed to sales revenue increase. Total amount of milk sold increased by 4% - from 12.70 thousand tons (or 19.61 kg per cow per day) in the first half of 2019 to 13.16 thousand tons (or 20.84 kg per cow per day) in the first half of 2020.

	Half-year 2020	Half-year 2019	Variance	Financial year 2019
Total quantity of products sold, t	6,730	6,413	+4%	25,224
Milk, t	13,158	12,699	+4%	24,492
Cattle, t	388	356	+9%	732
Revenue, EUR million	5.59	5.20	+7%	10.14
Milk, EUR million	5.22	4.81	+8%	9.42
Cattle, EUR million	0.37	0.39	-5%	0.72
Cost of sales, EUR million	5.21	5.13	+2%	10.64
Milk, EUR million	4.84	4.74	+2%	9.93
Cattle, EUR million	0.37	0.39	-5%	0.72
Revaluation of biological assets, EUR million	(1.61)	(1.49)	+8%	(2.20)
Subsidies, EUR million	1.31	1.11	+18%	2.22
Gross profit, EUR million	0.07	(0.30)	+224%	(0.47)

2.3. Dairy segment overview (continued)

Group's organic milk price decreased by 0.8 % in the first half of 2020 and was EUR 403 per ton (in the first half of 2019 price of organic milk was EUR 407 per ton). In first half of 2020 average price of milk sold was around EUR 397 per ton or 5% higher comparing to the same period last year when it was EUR 379 per ton. Average milk price increased due to larger share of organic milk sold.

Share of milk sold at organic production prices volume was around 91% in first half of 2020 which is significantly higher compared to 64% during same period in 2019. As it can be seen from the graph below, the share of milk sold at organic prices has been steadily growing from the beginning of 2019 and there are have been significant fluctuations in the share of organic milk sold.



Dairy segment's cost of sales amounted to EUR 5.22 million during the first half of 2020 compared to EUR 5.13 million during the same period last year (2% increase). Milk cost increased due to increased feeds cost as the yields of forage crops were adversely impacted by draught in the season of 2018/2019. However, cost increase was slower than sales increase as milk yields continued to grow. The Group is constantly improving its feed quality and structure which allows the group allows to gain better yields at a similar cost level.

During the first half of 2020 the loss of EUR 1.61 million was incurred on revaluation of biological assets (animal herd). In comparison EUR 1.49 million loss was incurred during the same period a year earlier. The Group is seeking to increase milk yields per cow, which would result in increased production quantities and reduced costs. In order to achieve higher milk yields, and the quality of cow herd in general, aged cows are substituted with younger heifers. Write-offs of aged cows are represented in the revaluation of biological assets.

As at 30 June 2020 the Group has reclassified the subsidies related to grasslands and pastures from agricultural to dairy segment to have a better representation of the segments' results. The reclassification was performed in both periods, therefore, the results between periods are comparable and respective reclassification does not affect any other disclosures or results at large.

As the milk yields and gross result from milk sales increase, while costs remain at a similar level, gross result of dairy segment continues to improve compared to the previous year. The gross profit of dairy segment amounted to EUR 0.07 million in the first half of 2020 (gross loss of EUR 0.30 million was reported in the first half of 2019).

2.4. Mushroom segment overview

The revenue of mushroom growing segment was EUR 15.21 million in the first half of 2020, around EUR 1.41 million or 10% higher compared to the same period in 2019 when revenue was EUR 13.80 million. Revenue from mushroom sales increased by EUR 1.62 million while revenue from mushroom seedbed sales decreased by EUR 0.21 million.

Mushroom sales revenue increased due to higher volume of sales – 6.58 thousand tonnes of mushrooms were sold during first half of 2020 compared to 6.00 thousand tonnes a year earlier (10% increase). The increase was mostly related to better mushroom yields compared to previous period.

During the first half of 2020, share of organic mushrooms sold was around 7.6% of total volume of mushrooms sold comparing to 7.3 % during the same period in 2019.

In the first half of 2020, average non-organic mushrooms sales price increased by around 3%, while organic mushrooms price increased by around 4% compared to the same period in 2019. The average price of 1 tonne of mushrooms sold was 2,168 EUR/tonne in the first half of 2020 (2,107 EUR/tonne in the first half of 2019). The average mushroom price increased due to larger sales of packaged mushrooms.

2.4. Mushroom segment overview (continued)

	Half-year 2020	Half-year 2019	Variance	Financial year 2019
Sold mushrooms, t	6,579	6,001	+10%	12,256
Average price (Eur/t)	2,168	2,107	+3%	2,147
Total revenue, EUR million	15.21	13.80	+10%	28.71
Mushroom sales revenue, EUR million	14.26	12.64	+13%	26.32
Compost sales revenue, EUR million	0.95	1.15	-18%	2.39
Cost of sale, EUR million	14.14	12.75	+11%	26.22
Cost of mushrooms sold, EUR million	13.22	11.68	+13%	2.49
Cost of compost sold, EUR million	0.92	1.07	-14%	23.73
Gross profit, EUR million	1.06	1.04	+2%	2.49

The total cost of sales of the mushroom growing segment amounted to EUR 14.15 million in the first half of 2020 and was EUR 1.39 million higher compared to the same period in 2019 when it was EUR 12.76 million. Average cost of 1 tonne of mushrooms sold increased from 1,947 EUR/tonne to 2,010 EUR/tonne. As mentioned before, sales of packaged mushrooms increased. As such, increased packaging costs had an impact on the average cost level of mushrooms.

Gross profit of mushroom growing segment in the first half of 2020 increased by 2% to EUR 1.06 million compared to EUR 1.04 million in the first half of 2019.

2.5. End-consumer packaged goods segment

Total revenue of end-consumer packaged goods segment amounted to EUR 1.99 million during the first half of 2020 compared to EUR 1.05 million a year earlier. Significant increase in end-consumer segment sales has been impacted by higher demand in both local and foreign markets. While COVID-19 pandemic has slowed the launch of new products, the demand for long shelf-life products compensated the deceleration. Moreover, the Group expanded its exports markets, which positively affected sales.

	Half-year 2020	Half-year 2019	Variance	Financial year 2019
Revenue, EUR million	1.99	1.05	+89%	2.79
Cost of goods sold, EUR million	1.90	1.01	+89%	2.75
Gross profit, EUR million	0.09	0.04	+98%	0.05

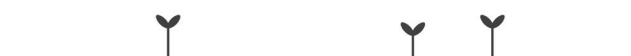
As at 28 May 2020 the Group has acquired full control of Grybai LT, KB which produces and sells end-consumer goods. Grybai LT, KB is included in the Group's consolidated financial statements as of 01 June 2020. Acquisition of Grybai LT, KB should improve the results of the end-consumer goods segment and a more material effect should be visible during the second half of 2020. Grybai LT, KB contribution to sales revenue in the first half of 2020 amounted to EUR 0.07 million.

Preserved products, especially ready-to-eat organic soups, remain to be the main products in the segment.

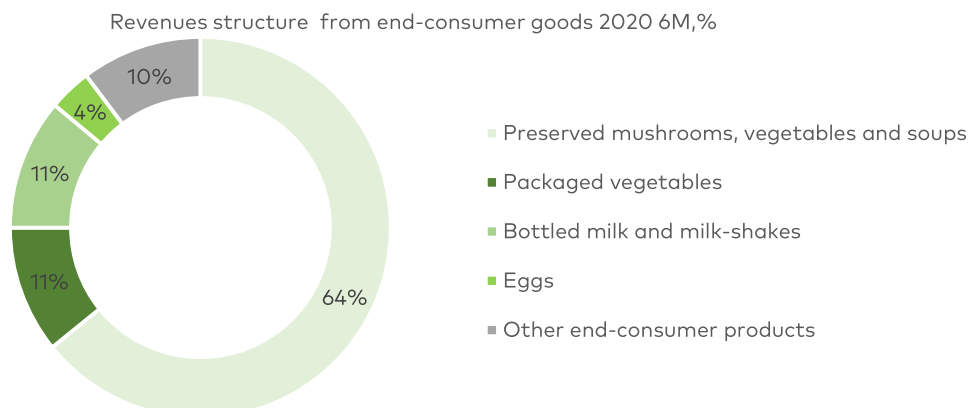
Cost of sales were EUR 1.90 million for the first half of 2020 compared to EUR 1.01 million for the same period in 2019.

In the first half of 2020, gross profit of the segment amounted to EUR 0.09 million (gross profit of EUR 0.04 million reported for the same period in 2019).

Revenues structure from the sale of the end consumer goods as at 30 June 2020 is depicted in the chart below.



2.5. End-consumer packaged goods segment (continued)



2.6. Operating expenses

The Group's operating expenses for the first half of 2020 amounted to EUR 4.59 million, while in 2019 operating expenses were around EUR 4.41 million. The increase is mostly related to the implementation of employee health insurance in the Group. Also, in the first half of 2020 the office administration expenses have increased.

2.7. Capital expenditures

Total investments (additions) into property, plant and equipment amounted to EUR 2.25 million in the first half of 2020 (EUR 1.50 million in the first half of 2019). The split of investments (additions) into property, plant and equipment is provided in the table below.

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

	Land	Buildings	Constructions and machinery	Vehicles, equipment and other	Construction in progress	Total
Half-year 2020	444	208	992	274	336	2,253
Half-year 2019	177	29	533	213	549	1,501

Total amount of capital expenditures (additions) for the first half of 2019 were highly impacted by the capital expenditures limits set by major creditors (banks). Due to significant deterioration in the Group's financial results during 2018, major creditors (banks) set a limit to EUR 3,5 million on Group's capital expenditures for the year 2019. In 2020, agreed capital expenditure limit between the Group and banks was set at EUR 6 million. The Group's key capital expenditure projects for the year 2020 are oriented in securing its own organic combined feedstock production capacity, improving animal welfare and agricultural operations, allocating available resources to strategic development projects in order to follow newly released five year strategy that focuses on improving efficiency in existing business units, designing a sustainable organic food architecture (SOFA) and reducing greenhouse gas emissions.

2.8. Assessment of main types of exposures to risk

The main types of exposures to risk the Group faces remain the same as discussed in the annual report for the year 2019.

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

2.8. Assessment of main types exposures to risk (continued)

Borrowed capital accounts for a large share of the Group's total capital. Historically, the main source of Group's financing (needed for capital expenditure, acquisitions and working capital) was generated by both cash generated from operations and using borrowed funds. As a result of expanding Group's operations and changing business model deployment of borrowed capital has become significant. As of 30 June 2020, Group's aggregated financial debt amounted to EUR 60.18 million (31 December 2019: EUR 59.03 million). The level of borrowed capital for the Group may entail significant consequences, for instance: (i) the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions, servicing the debt, or other targets may be restricted; (ii) the Group's flexibility to adapt to changing market conditions may be limited; (iii) undertakings with certain limitations on business and financial matters contained in credit agreements, although typical for such type of financing transaction, may nonetheless restrict the Group's possibilities of borrowing more funds, mortgaging property and/or participating in mergers or transactions of other types, which may to a certain extent restrict active implementation of development possibilities and, potentially, decrease competitive advantages in the future. Furthermore, major loans of the Group are with floating interest rates; thus, an increase of interest rates may adversely affect the Group's cash flows and business results.

In addition, the Group uses short-term credit line facilities to finance working capital. As of 30 June 2020, the Group's short-term credit line borrowing amounted to EUR 21.90 million (2019: EUR 19.30 million). Credit line facilities are used to finance working capital and are renewed annually on regular basis. Should the Group have difficulties in renewing/refinancing these credit line facilities or fail to do so, this could potentially have a significantly negative effect on the viability of business operations conducted by the Group.

However, the Group's target is to move from short-term financing to long term financing. On 13 December, 2019 the Group issued 20,000 units of Green Bonds (hereinafter – Bonds) with a nominal value of EUR 1,000 and an annual interest rate of 6%. The maturity date of Bonds falls on 17 December 2024. Interest payment dates are set at 17 December of each year until 2024. The Bonds were introduced to trading on regulated market in AB Nasdaq Vilnius Bond list. The Group anticipates attracting more funds from investors in the near future in order to reduce dependency from financial institutions and finance its activities more by long-term borrowings rather than short-term financing sources.

Change in demand for and price sensitivity to organic food. While the trends indicate an increase in demand for organic food products at a price premium, any adverse change in economic conditions that could lead to price sensitivity or any negative publicity towards organic consumption may have a significant impact on the Group's performance. The Group has aligned itself to be an organic producer and would therefore depend on the demand for organic food.

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

Risk of diseases. The Group's business is *inter alia* related to assets of plant or animal origin. Epidemic cattle diseases (e.g., bovine spongiform encephalopathy or 'mad cow disease'), any diseases, bacteria, etc. may decrease demand for such products due to fear of consequences arising from these issues. Such changes may lead to the aggravation of Group's financial condition.

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

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

Expressed or implied dangers related to the quality, safety or health effects of products offered by the Group could give rise to liability of the Group and prejudice to its business and reputation. Notwithstanding the control mechanisms applied by the Group in its activities, there are no guarantees that any of the products offered by the Group (milk, grain crops, mushrooms, etc.) could not be recognised as incompatible with quality requirements or unsuitable for further processing and use. Therefore, the



2.8. Assessment of main types exposures to risks (continued)

Group may be forced to recall or destroy these agricultural products and to assume liability for causing risk posed by these products to health of consumers.

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

2.9. COVID-19 pandemic effect

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

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

At the market level, agricultural production companies stand out as some of the least affected at this point of the crisis, given the nature of their produce and increasing demand from households. However, the management is considering all the possible threats to the Group's key business areas and is working to alleviate their effects.

Crop growing

The Company's management is not seeing any significant changes in the crop market, especially since all obligations are executed according to existing agreements. However, the Group could face a labour shortage if the numbers of infected or quarantined persons were to rise dramatically. Nevertheless, the management is ready to mitigate this risk with options provided by temporary employment, given that interest on the labour side is growing.

Dairy

Milk production is running at regular capacity and there are no problems with product demand. It is delivered to the local market (the Baltic States and Poland) and mainly used for fresh consumer products. The management is not seeing at present nor does it forecast a decrease of demand in this segment. The expected proportion of milk to be sold as organic should amount to around 90%.

Mushroom growing

The biggest threat in the mushroom growing segment is related to production, given the labour intensity of the production operations. Therefore, the Company is implementing various measures to ensure the safety of employees and to minimize contact between them. As with crop growing, the Group could face a shortage of labour if the number of infected or quarantined persons were to increase dramatically. Nevertheless, the management is ready to address this matter through temporary employment.

In terms of the status of mushroom operations, production is working at regular capacity at the moment. While sales to wholesalers working with HoReCa have been negatively affected, this has been offset by an increase in retail sales. As a result, demand for packaged mushrooms is growing, which is having a positive impact on the profit margin of the segment.

Under the current circumstances, the long-term goal of the business unit to increase the proportion of organic product sales could be delayed due to uncertainties in the Group's main markets.

FMCG

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



3. Corporate governance and personnel

3.1. Share capital structure of the Company

The share capital of AUGA group AB as at 30 June 2020 is EUR 65.95 million (31 December 2019: EUR 65.95 million). The share capital is divided into 227,416,252 ordinary shares (2019: 227,416,252 ordinary shares). Each issued share has a EUR 0.29 nominal value and fully paid.

3.2. Employee share option plan

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

Under the plan, participants are granted options to receive the Company's shares which only vest if service conditions are met. The service condition for the Option receiver is to complete a 3-year term of service to the Group. After the condition is met, an employee is eligible to exercise the option. There are no other vesting or performance conditions for the receiver. If the receiver does not fulfil the service condition – the option does not come into force and he is not eligible to exercise the option.

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

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

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

3.3. Shareholders of the Company

Total number of shareholders on 30 June 2020 was 1,578 (one thousand five hundred seventy eight) and on 31 December 2019 it was 1,330 (one thousand three hundred thirty).

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

Entity / person	30 June 2020		31 December 2019	
	Number of shares	% owned	Number of shares	% owned
Baltic Champs Group UAB (identification code: 145798333; address: Poviliškiai v., Šiauliai region mun., Lithuania)	125,167,939	55.04	125,167,939	55.04
European Bank for Reconstruction and Development (identification code: EBRDGB2LXXXX; address: One Exchange Square, London EC2A 2JN, UK)	19,810,636	8.71	19,810,636	8.71
ME Investicija UAB (identification code: 302489393; address: Račių st. 1, Vilnius, Lithuania)	19,082,801	8.39	19,082,801	8.39
Žilvinas Marcinkevičius	15,919,138	7.00	15,919,138	7.00
Other shareholders	47,435,738	20.86	47,435,738	20.86
Total	227,416,252	100.00	227,416,252	100.00

No shareholder has special voting rights.

3.3. Shareholders of the Company (continued)

Information on the shares of the Company held by the members of the Board and the top executives as of 30 June 2020:

Name, Surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Kęstutis Juščius*	CEO	1,392	0.0006%
Tomas Krakauskas**	Member of the Board	119,000	0.052%
Mindaugas Ambrasas	CFO	6,881	0.003%

* Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group UAB, controlling 55.04% of the Company's shares.

** Tomas Krakauskas is an employee of UAB ME Investicijos, which holds 8.39% of the Company's shares.

3.4. Information on own shares

The Company has not acquired any own shares.

3.5. Share transfer restrictions

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

There could be separate share transfer restrictions, which can only be imposed by the shareholders and only in agreed-upon cases.

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

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

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

3.7. Agreements between the shareholders

As at the date of 30 June 2020 the Company is not aware/was not advised of any agreements between the shareholders.

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

3.8. Procedure for amendments of the Articles of Association

The Articles of Association can be changed following Republic of Lithuania Law on Companies with an appropriate approval of the Company's shareholders.

3.9. Members of collegial bodies, Head of Company, Key Executives

General

There are three corporate bodies in the Company – the general shareholders' meeting, the Board and the Chief Executive Officer (CEO).

Annual general meeting of shareholders of the Company that has taken place on 30 April 2019 (2019 AGM) approved amended articles of association of the Company (Amended Articles) that changed corporate governance structure of the Company. Namely, the Company changed to one tier board structure, instead of two tiers, which means:

- (a) there is currently one board at the Company – Management Board, the Company no longer has Supervisory Council;

3.9. Members of collegial bodies, Head of Company, Key Executives (continued)

- (b) Management Board is vested with the functions and powers of strategic management decisions (as per Article 34 sections 1-10 and 12-13 of the Law on Companies of Republic of Lithuania) and supervisory functions (as per section 11 of Article 34 of the Law on Companies of Republic of Lithuania); previously, supervisory functions were carried out by the Supervisory Council.

In compliance with the best corporate governance practices the Amended Articles also explicitly vested the following functions and responsibilities with the Board:

- (a) approval of Company's strategy;
 (b) approval of annual budget and business plan;
 (c) approval of risk appetite and risk management policies;
 (d) approval of annual financial and non-financial targets for CEO;
 (e) responsibility of overseeing and leading Company's compliance with the best corporate governance practices.

The Board appoints, removes and supervises activities of CEO. CEO is in charge of daily management of the Company and has authority to represent the Company. Amended Articles also provided that CEO is entitled to take decisions on transactions value of which does not exceed 1/20 of authorised capital of the Company; for transactions exceeding the latter threshold Board's approval is required.

Board and its committees

Amended Articles provided that at least 1/3 of the Board members must be independent. 2019 AGM approved independency criteria of members of the Company's collegiate bodies, which by and large comply with the independency criteria established by the Law on Companies of Republic of Lithuania, namely, that to be independent, member must not be related with the Company and/or its controlling shareholder¹.

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

Information about the Board members of the Company as at 30 June 2020:

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

* Board member Murray Steele has been nominated by European Bank of Reconstruction and Development (EBRD), which holds 8.71% of the Company's shares, and receives top up remuneration from EBRD for conduct of board member functions; however, (i) EBRD is not a controlling shareholder; and (ii) he advised the Board that he acts independently on his own discretion as an independent board member, therefore he is deemed to be an independent board member.

** Although according to the independency criteria established in the Law on Companies of the Republic of Lithuania and approved by the 2019 AGM Tomas Krakauskas should be deemed independent, on his request he is not considered independent due to his employment relationship with Company's minority shareholder UAB ME Investicija (holds 8.39% of shares).

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

The Board decided to create audit committee. Information about Audit Committee of the Company as at 30 June 2020:

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

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

3.9. Members of collegial bodies, Head of Company, Key Executives (continued)

Audit Committee operates in line with the principles, outlined in the amended version of the Regulations of Audit Committee of AUGA group, approved by the Board on 29 June 2020. The Audit Committee is the main collegial body in the company designated to communicate with internal and external auditors. The main functions of the Audit Committee include monitoring the process of Company's financial statement preparation, monitoring the audit process, as well as analysing the effectiveness of internal audit and risk management systems.

In accordance to the Regulations of Audit Committee of AUGA group, the Audit Committee, approves requirements for external auditors and evaluates both - qualification and experience of external auditors. External auditors are evaluated by certain criteria, which include independence, objectivity, reliability, knowledge and experience.

Members of the Board

Dalius Misiūnas (chairman of the Board)

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

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

Miscellaneous: President at ISM University of Management and Economics (2019 – present).

Murray Steele

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

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

Miscellaneous: Board member of James Walker Group (2004 – present); Chairman of Octopus Apollo VCT (2008 – present); Chairman of Surface Generation (2008 – present); Programme Director for NED Training Programmes for the Financial Times (2011 – present); Programme Director of the European Bank of Reconstruction and Development (2001 – present); Programme Director of the British Private Equity and Venture Capital Association (2002 – present).

Tomas Kučinskis

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

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

Miscellaneous: Director of UAB „Provestum“ (2012 – present); Board member of UAB „Biseris“ (2011 – present); Chairman of UAB „Parket Trade“ (2014 – present); Supervisory board member of Lords LB special Fund V (2017 – present).

Tomas Krakauskas

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

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

Miscellaneous: Chief investment Officer of UAB „ME investicija“ (2016 – present); Chairman of UAB „Viena saskaita“ (2017 – present).



3.9. Members of collegial bodies, Head of Company, Key Executives (continued)

Andrej Cyba

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

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

Miscellaneous: Chief Business Development Officer of UAB "INVL Asset Management" (2016 – present); Chairman of the Board of UAB FMĮ "INVL Finasta" (2016 – present); Chairman of Supervisory Board of IPAS "INVL Asset Management" (2016 – present); Chairman of the Supervisory Board of AS "INVL ATKLĀTAIS PENSĪJU FONDS" (2016 - present); Chairman of the Management Board of UAB "Mundus" (2018 – present); Board Member of AB "Vilkyškių pieninė" (2008 - present); CEO of UAB "Piola" (2009 – present); CEO of UAB "PFE GP1" (2012 – present); CEO of UAB "PFE GP2" (2012 – present).

Key Executives

Kęstutis Juščius, CEO

Education, qualification: Vilnius University, Business Administration, Bachelor Degree.

Activity: CEO of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (30.04.2019 – present).

Miscellaneous: Chairman of the Board of Baltic Champs Group, UAB (2014 - Present), President of Lithuanian Mushrooms Growers and Processors Association (2013 – present).

Mindaugas Ambrasas, CFO

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

Activity: CFO of AUGA group, AB (legal form: Public Limited Liability Company, code: 126264360, registered address: Vilnius municipality, Vilnius, Konstitucijos ave. 21C) (12.03.2020 – present).

3.10. Management of the Company Remuneration and Benefits

The Company's top management includes Members of the Board, Chief Executive Officer and Chief Financial Officer (7 persons). Members of the Board of Directors receive remuneration for performance of board member functions, i.e.:

- (a) EUR 1,900 (before taxes) for members of the Management Board and EUR 2,500 (before taxes) for the chairman of the Management Board per one board meeting, which includes preparation for the meeting, travel time to/from the meeting, attending the meeting, follow-up questions and closure work related to the meeting. Should there be more than 12 board meetings in 12 months, the indicated remuneration is to be paid for each meeting. Should there be less than 12 meetings per 12 consecutive months, board member will nonetheless receive remuneration for 12 meetings per 12 months. Remuneration shall not be paid for the decisions made in writing or any other way in between the meetings nor for meetings which the board member did not attend;
- (b) For board members living abroad – compensation of travel and accommodation costs for/during attendance of the board meeting – not exceeding EUR 500 + VAT (Lithuanian tariff) in respect to one board meeting in which he/she participated; if the board member participates in a meeting via communication/IT measures (not physically traveling to Lithuania), travel costs compensation shall not be paid for such participation.

Table below summarises salaries and other payments calculated for top management.

Remuneration paid to members of the Management Board and the Key Executives of the Company as at 30 June 2020, EUR	Salaries	Bonuses	Total
Average for 1 member	17,465	-	17,465
Total amount for all members of the Management Board and the Key Executives (7 persons 1/1/2020 – 30/6/2020)	122,256	-	122,256

3.11. Information on collegial bodies of the Company and the Group agreements regarding compensations in case of resignation, unjustifiable redundancy, or change in ownership structure

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

3.12. Personnel

On 30 June 2020 the Group had 1,314 employees (31 December 2019: 1,149 employees).

3.13. Information on transactions with related parties

Material transactions with related parties are described in financial statements note 15.

3.14. Information on compliance with the Code of Corporate Governance

Information on AUGA group AB compliance with the Code of Corporate Governance is provided as Annex No. 1 to the Company's consolidated annual report for the year ended 31 December 2019.

3.15. Data on publicly announced information

The Company informs of all material events over the CNS system of NASDAQ Vilnius and on the ESPI information system which is operated by Polish FSA, as well as on Electronic Information Base which is operated by Warsaw Stock Exchange.

The summary of publicly announced information by the Company is provided in the financial statements note 16.



II. FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS	Notes	30 June 2020 unaudited	31 December 2019 audited
Non-current assets			
Property, plant and equipment	4	95,158	91,897
Right-of-use assets	4	38,188	36,211
Intangible assets		2,767	14
Long term receivables at amortised cost	7	1,642	5,676
Investments accounted for using equity method		57	57
Financial assets at fair value through profit or loss		355	355
Deferred tax asset		1,069	1,069
Biological assets	5	9,188	9,397
Total non-current assets		148,424	144,676
Current assets			
Biological assets	5	37,132	16,035
Inventory	6	16,728	28,958
Trade receivables advance payments and other receivables	7	17,946	13,322
Cash and cash equivalents		1,056	3,732
Total current assets		72,862	62,047
TOTAL ASSETS		221,286	206,723
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	2	65,951	65,951
Share premium		6,707	6,707
Revaluation reserve		8,488	8,488
Legal reserve		1,834	1,834
Reserve to provide shares for employees		2,509	1,624
Retained earnings / (accumulated deficit)		5,650	5,102
Equity attributable to equity holders of the parent		91,139	89,706
Non-controlling interest		335	369
Total equity		91,474	90,075
Non-current liabilities			
Borrowings	8	23,587	20,670
Obligations under lease	9	40,649	36,150
Deferred grant income		2,804	2,992
Deferred tax liability		1,509	1,509
Total non-current liabilities		68,549	61,321
Current liabilities			
Current portion of non-current borrowings	8	6,134	10,819
Current portion of non-current obligations under lease	9	4,309	7,054
Current borrowings	8	22,082	19,300
Trade payables		18,936	13,433
Other payables and current liabilities		9,802	4,721
Total current liabilities		61,263	55,327
Total liabilities		129,812	116,648
TOTAL EQUITY AND LIABILITIES		221,286	206,723

Consolidated income statement

	Notes	6 months period ended 30 June	
		2020 unaudited	2019 unaudited
Revenues	<u>10</u>	34,698	28,841
Cost of sales	<u>10</u>	(29,431)	(24,316)
Gain (loss) on changes in fair values of biological assets and on recognition at fair value of agricultural produce at point of harvest	<u>5, 10</u>	3,318	1,802
GROSS PROFIT		8,585	6,327
Operating expenses	<u>11</u>	(4,591)	(4,413)
Other income	<u>12</u>	228	386
OPERATING PROFIT		4,222	2,300
Finance cost	<u>13</u>	(2,922)	(1,959)
Share of net profit (loss) of associates accounted for using the equity method		-	-
(PROFIT) LOSS BEFORE INCOME TAX		1,300	341
Income tax expense		-	-
NET (PROFIT) / LOSS FOR THE PERIOD		1,300	341
ATTRIBUTABLE TO:			
Equity holders of the Company		1,310	369
Non-controlling interest		(10)	(28)
		1,300	341
STATEMENT OF OTHER COMPREHENSIVE INCOME			
NET (PROFIT)/ LOSS FOR THE PERIOD		1,300	341
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,300	341
ATTRIBUTABLE TO:			
Equity holders of the Company		1,310	369
Non-controlling interest		(10)	(28)
		1,300	341

Consolidated statement of changes in equity

	Share capital	Share premium	Revaluation reserve	Currency exchange differences	Reserve to provide shares for employees	Legal reserve	Retained earnings	Equity attributable to the shareholders of the company	Non-controlling interest	Total
Balance as at 31 December 2018 (audited)	65,951	6,707	7,155	-	957	1,649	8,937	91,356	359	91,715
<i>Comprehensive income</i>										
Net profit (loss) for the period	-	-	-	-	-	-	(3,228)	(3,228)	10	(3,218)
Share based payment expenses	-	-	-	-	-	-	247	247	-	247
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-	-
Revaluation of land, net of tax	-	-	1,332	-	-	-	-	1,332	-	1,332
<i>Total comprehensive income</i>	-	-	1,332	-	-	-	(2,982)	(1,649)	10	(1,639)
<i>Transactions with shareholders</i>										
Transfer to legal reserve	-	-	-	-	-	185	(185)	-	-	-
Transfer to reserve to provide shares for employees	-	-	-	-	667	-	(667)	-	-	-
<i>Total transactions with shareholders</i>	-	-	-	-	667	185	(852)	-	-	-
Balance as at 31 December 2019 (audited)	65,951	6,707	8,488	-	1,624	1,834	5,102	89,706	369	90,075
<i>Comprehensive income</i>										
Net profit (loss) for the period	-	-	-	-	-	-	1,310	1,310	(10)	1,300
Share based payment expenses	-	-	-	-	-	-	123	123	-	123
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-	-
Revaluation of land (net of tax)	-	-	-	-	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	-	-	-	1,434	1,434	359	1,424
<i>Transactions with shareholders</i>										
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-
Transfer to reserve to provide shares for employees	-	-	-	-	885	-	(885)	-	-	-
Dividends granted by subsidiaries to the non-controlling interest	-	-	-	-	-	-	-	-	(24)	-
<i>Total transactions with shareholders</i>	-	-	-	-	885	-	(885)	-	(24)	-
Balance as at 30 June 2020 (unaudited)	65,951	6,707	8,488	-	2,509	1,834	5,650	91,139	335	91,474

Consolidated statement of cash flows

	Notes	6 months period ended 30 June	
		2020 unaudited	2019 unaudited
Cash flows from /(to) operating activities			
Net profit (loss) before income tax and non-controlling interest		1,300	341
<i>Adjustments for non-cash expenses (income) items and other adjustments</i>			
Depreciation expenses (PP&E)	<u>4</u>	3,620	3,676
Depreciation expenses (ROU* assets)	<u>4</u>	2,998	2,924
Amortization expenses		4	4
Expenses of share-based payments	<u>11</u>	123	64
Write offs and impairment of PPE		-	-
(Gain) loss on sales of non-current assets		(12)	-
(Gain) loss on sale of investment property		-	-
Write-offs of inventory	<u>5,6</u>	857	781
Net finance cost	<u>13</u>	1,682	1,068
Net finance cost (IFRS 16)	<u>13</u>	1,151	670
Loss (gain) on changes in fair value of biological assets	<u>5</u>	(3,318)	(1,802)
Grants related to assets, recognized as income		(188)	(194)
<i>Changes in working capital</i>			
(Increase) decrease in biological assets		(19,078)	(19,466)
(Increase) decrease in trade receivables and prepayments		(5,447)	(3,528)
(Increase) decrease in inventory		12,384	12,294
(Decrease) increase in trade and other payables		10,065	6,080
Cash flows from operating activities		6,141	2,911
Interest paid, netto		(1,307)	(1,068)
Net cash flows from /(to) operating activities		4,834	1,843
Cash flows from /(to) investing activities			
Purchase of property, plant and equipment		(1,705)	(1,404)
Purchase of investments		(1,504)	-
Proceeds from sales of investment property, PPE		54	321
Proceeds from sales of investments		-	-
Grants related to assets, received from NPA		-	-
Other loans repaid		-	-
Other loans granted		-	(527)
Net cash flows from/(to) investing activities		(3,155)	(1,610)
Cash flows from /(to) financing activities			
Loans repaid to banks		(1,576)	(1,604)
Borrowings received		4,600	3,730
Other borrowings obtained (paid)		(3,553)	500
Finance lease repayments		(3,828)	(4,269)
Net cash flows from/(to) financing activities		(4,357)	(1,643)
Net (decrease) / increase in cash and cash equivalents		(2,677)	(1,411)
Cash and cash equivalents at the beginning of the period		3,732	2,281
Cash and cash equivalents at the end of the period		1,056	870

* ROU assets – Right-of-use assets

III. EXPLANATORY NOTES

1. Basis of the preparation

The accompanying interim financial information for the 6-month period ended 30 June 2020, has been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements. This financial information should be read in conjunction with the interim financial information for 6-month period ended 30 June 2019 and the balance sheet as of 31 December 2019 which have been prepared in accordance with IFRS as adopted by the EU.

The presentation currency is euro (EUR). The financial statements are presented in thousands of euro, unless indicated otherwise. Financial statements for the 6-month period ended 30 June 2020 and 30 June 2019 are not audited. Financial statements for the year ended 31 December 2019 are audited by the external auditor UAB PriceWaterhouseCoopers.

Critical accounting estimates and assumptions

The preparation of financial information in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed below. Critical accounting estimates and assumptions remain the same as disclosed in the audited annual financial statements for period ended 31 December 2019.

IFRS 16, Leases

Based on IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities as at 1 January 2019 was 6%. The incremental borrowing remained unchanged throughout 2019 and 2020.

In applying IFRS 16, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as short-term leases (which were recognized as expense on a straight-line basis);
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Revaluation of biological assets (crops)

The Group estimates the total fair value of crops using following formula and assumptions:

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

- Cost incurred is cost actually incurred for particular crop during the season till the reporting date.
- Cultivated area in ha is an area of particular crop seeded and expected to be harvested.
- Forecasted average yield tons per ha.
- Forecasted grain price per ton. Contracted average sales prices are used for fair value estimation.
- Forecasted total cost per ha. Average historical cost levels are used for fair value estimation
- T is a time portion, spanning from the sowing date to the forecasted harvest date
- X is an adjustment parameter for possible unexpected negative effects to the harvest.

Revaluation of biological assets (livestock)

Due to the specifics of the agricultural market, fair value of milking cows cannot be determined by using comparable market prices method, as such biological assets in areas where the Group operates are not traded on active markets which could enable the use of market value. The Group values cows using the discounted cash flow method. The model uses projected revenues from milk sales over the remaining useful life of each animal using a forecasted milk price. Milk price forecast is the average milk price assumption of the following 3 years was. Current cow herd has an estimated working life of 1 to 3 years. At the end of the working period the cow is estimated to be sold for meat. The forecasted revenues are reduced with costs directly related to herd growing (feeds, medicines, employee salaries and other). The free cash-flow is discounted with post tax WACC.



Revaluation of biological assets (livestock) (continued)

For valuation of other livestock the Group calculates the fair value by taking the average price of meat per kilo. For young bulls and heifers, the value of livestock is determined by using the market values of meat (different for different groups of animals) and multiplying the price of 1 kg by the total weight of specific group of animals.

Share-based payments

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

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

$$\text{Share price @ grant date} \times \text{Granted shares} \times (1 - \text{annual staff turnover})^{\text{vesting period}}$$

Where:

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

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

Granted shares – shares to be granted to employee based on the Option agreement.

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

There are option agreements which are signed with a special condition – that the receivers do not need to fulfill the service condition, but they will still need to wait 3 years vesting period before being able to exercise the option. Due to this staff turnover adjustment is excluded in the calculation of the expenses of these options as it does not affect their chances to receive the option.

2. Share capital

Share capital and premium of the Company

The share capital of AUGA group AB as at 30 June 2020 was EUR 65,951 thousand (as at 31 December 2019: EUR 65,951 thousand). The share capital is divided into 227,416,252 ordinary shares (2019: 227,416,252 ordinary shares). Each issued share has a EUR 0.29 nominal value and fully paid. Each share had usual material and intangible rights as per Law on Companies of the Republic of Lithuania and the Company's statutes.

On 23 August 2018 AUGA group AB successfully completed secondary public offering by issuing 40,000,000 share units. The shares were sold for the total amount of EUR 18 million at EUR 0.45 price per share. Share premium represent the price premium paid by the shareholders, deducting the expenses related to the whole offering process. Share premium at the end of 30 June 2020 amounted to EUR 6,707 thousand (31 December 2019: EUR 6,707 thousand).

Reserves of the Company

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of at least 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Company equalled EUR 1,834 thousand as at 30 June 2020 (EUR 1,834 thousand as at 31 December 2019).

Revaluation reserve comprises revaluation of land portfolio owned by the Group. Land portfolio valuation is performed by independent valuator. The valuation for reporting period was performed in 2019. Revaluation reserve as at 30 June 2020 amounted to EUR 8,488 thousand (EUR 8,488 thousand as at 31 December 2019).



2. Share capital (continued)

In 2018 the Company formed a reserve to grant shares for employees. The value of the reserve increased by EUR 885 thousand in 2020 due to implementation of employee share option plan (in 2019 reserve increased by EUR 667 thousand). Reserve to grant shares for employees as at 30 June 2020 amounted to EUR 2,509 thousand (EUR 1,624 thousand as at 31 December 2019).

Employee Option Plan was approved by shareholders at the annual general shareholders' meeting on 30 April, 2019. The service condition for the Option receiver is to complete a 3-year term of service to the Group. After the condition is met employee is eligible to exercise the option.

Reserve to grant shares for employees

	Number of shares, units	Value, EUR
Total reserve as at 31 December 2018	3,300,000	957
Shares allocated to employees based on option agreements as at 31 December 2019	2,548,860	739
Unallocated shares as at 31 December 2019	3,051,140	885
Total reserve as at 31 December 2019	5,600,000	1,624
Shares allocated to employees based on option agreements as at 30 June 2020	4,896,860	1,420
Unallocated shares as at 30 June 2020	3,755,172	1,089
Total reserve as at 30 June 2020	8,652,032	2,509

In 2020 the reserve to provide share for employees was increased by 3,051,724 shares with a nominal value of EUR 0.29 and in total of EUR 885 thousand. In 2020 the Group recognised employee benefit expenses of EUR 123 thousand related share options granted to employees.

3. The Structure of the Group

As of 30 June 2020, the consolidated Group (hereinafter the Group) consisted of the Company and one hundred thirty-seven subsidiaries (31 December 2019: one hundred thirty-six subsidiaries). On 14 February 2020 Group companies Baltic Champs UAB and AUGA Luganta UAB together with other shareholders of Grybai LT KB, capitalised loans provided to Grybai LT KB which resulted in an increase in share capital of Grybai LT KB and a change in the Group's interest in the company. As a result, the Group's share in Grybai LT KB increased from 22% to 61 %. On 28 May 2020 Group companies Agromilk, KB, Juodmargelis, KB and Šventosios pievos, KB bought-out the rest of minority shareholders and with this transaction the Group took over the full control of Grybai LT KB. Detailed list of all subsidiaries is provided below.

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						2020 06 30	2019 12 31
1.	Baltic Champs UAB	*4	302942064	Šiaulių region, Poviliškių v., 15	**A	100,00%	100,00%
2.	AVG Investment UAB	*4	300087691	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**G	100,00%	100,00%
3.	AWG Investment 1 UAB	*4	301745765	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**G	100,00%	100,00%
4.	AWG Investment 2 UAB	*4	301807590	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**G	100,00%	100,00%
5.	Agross UAB	*4	301807601	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**H	100,00%	100,00%
6.	Grain Lt UAB	*4	302489354	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**H	97,41%	97,41%
7.	AgroGis UAB	*4	302583978	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**D	95,00%	95,00%
8.	Agro Management Team UAB	*4	302599498	Jonavos region, Bukonių v., Lankesos st. 2	**E	100,00%	100,00%
9.	Agrotechnikos centras UAB	*4	302589187	Jonavos region, Bukonių v., Lankesos st. 2	**F	100,00%	100,00%
10.	AUGA trade UAB	*4	302753875	Jonavos region, Bukonių v., Lankesos st. 2	**H	100,00%	100,00%
11.	Agricultural entity Žemės fondas	*1	300558595	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**E	100,00%	100,00%
12.	Žemės vystymo fondas 6 UAB	*4	300589719	Vilniaus mun., Vilnius, Smolensko st. 10	**E	100,00%	100,00%
13.	Žemės vystymo fondas 9 UAB	*4	300547638	Jonavos region, Bukonių v., Lankesos st. 2	**E	100,00%	100,00%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						2020 06 30	2019 12 31
14.	Žemės vystymo fondas 10 UAB	*4	301522723	Jonavos region, Bukonių v., Lankesos st. 2	**E	100,00%	100,00%
15.	Žemės vystymo fondas 20 UAB	*4	300887726	Jonavos region, Bukonių v., Lankesos st. 2	**B	100,00%	100,00%
16.	AUGA Grūdava UAB	*4	174401546	Šakių region, Gotlybiškių v.,	**A	98,97%	98,97%
17.	Agricultural entity AUGA Spindulys	*1	171330414	Radviliškio region, Vaitiekūnų v., Spindulio st. 13	**A	99,99%	99,99%
18.	Agricultural entity AUGA Smilgiai	*1	168548972	Panevėžio region, Smilgių mstl. Panevėžio st. 23-1	**A	100,00%	100,00%
19.	Agricultural entity AUGA Skėmiai	*1	171306071	Radviliškio region, Skėmių v., Kėdainių st. 36	**A	99,97%	99,97%
20.	Agricultural entity AUGA Nausodė	*1	154179675	Anykščių region, Kirmėlių v.,	**A	99,93%	99,93%
21.	Agricultural entity AUGA Dumšiškės	*1	172276179	Raseinių region, Paraseinio v.,	**A	99,88%	99,88%
22.	Agricultural entity AUGA Žadžiūnai	*1	175706853	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	99,81%	99,81%
23.	Agricultural entity AUGA Mantviliškis	*1	161274230	Kėdainių region, Mantviliškio v.,	**A	99,94%	99,94%
24.	Agricultural entity AUGA Alanta	*1	167527719	Molėtų region, Kazlų v., Skiemonių st. 2A	**A	99,99%	99,99%
25.	Agricultural entity AUGA Eimučiai	*1	175705032	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	99,24%	99,24%
26.	Agricultural entity AUGA Vėriškės	*1	171305165	Radviliškio region, Vėriškių v.,	**A	99,93%	99,93%
27.	Agricultural entity AUGA Želsvelė	*1	165666499	Marijampolės mun., Želsvos v.,	**A	99,86%	99,86%
28.	Agricultural entity AUGA Lankesa	*1	156913032	Jonavos region, Bukonių v.,	**A	96,91%	96,91%
29.	Agricultural entity AUGA Kairėnai	*1	171327432	Radviliškio region, Kairėnų v.,	**A	98,47%	98,47%
30.	Agricultural entity AUGA Jurbarkai	*1	158174818	Jurbarko region, Klišių v., Vytauto Didžiojo st. 99	**A	98,46%	98,46%
31.	Agricultural entity AUGA Gustoniai	*1	168565021	Panevėžio region, Gustonių v., M. Kriaučiūno st. 15	**A	100,00%	100,00%
32.	Cooperative entity Siesarčio ūkis	*3	302501098	Šakių region, Gotlybiškių v., Mokyklos st. 18	**A	99,44%	99,44%
33.	Cooperative entity Kašėta	*3	302501251	Jonavos region, Bukonių v., Lankesos st. 2	**A	99,44%	99,44%
34.	Agricultural entity Gustonys	*1	302520102	Panevėžio region, Gustonių v., M. Kriaučiūno st. 15	**E	100,00%	100,00%
35.	Agricultural entity Skėmių pienininkystės centras	*1	302737554	Radviliškio region, Skėmių v., Alyvų st. 1	**A	48,67%	48,67%
36.	Cooperative entity Agrobokštai	*3	302485217	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	97,94%	97,94%
37.	Cooperative entity Dotnuvėlės valdos	*3	302618614	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	99,22%	99,22%
38.	Cooperative entity Nevėžio lankos	*3	302618596	Kėdainių region, Mantviliškio v., Liepos 6-osios st. 60	**A	96,51%	96,51%
39.	Cooperative entity Radviliškio kraštas	*3	302618742	Radviliškio region, Skėmių v., Kėdainių st. 13	**A	98,67%	98,67%
40.	Cooperative entity Šventosios pievos	*3	302618201	Raseinių region, Kalnųj mstl. Žievelišės st. 1	**A	96,36%	96,36%
41.	Cooperative entity Kairių ūkis	*3	302615194	Panevėžio region, Gustonių v., M. Kriaučiūno st. 15	**A	98,68%	98,68%
42.	Cooperative entity Šiaurinė valda	*3	302615187	Šiaulių region, Poviliškių v., 15	**A	96,15%	96,15%
43.	Cooperative entity Šušvės žemė	*3	302618767	Kelmės region, Pašiaušės v., Vilties st. 2	**A	98,43%	98,43%
44.	Cooperative entity Žalmargėlis	*3	303145954	Vilniaus mun., Vilnius, Smolensko st. 10-100	**A	98,32%	98,32%
45.	Cooperative entity Juodmargėlis	*3	303159014	Raseinių region, Kalnųj mstl. Žievelišės st. 1	**A	99,35%	99,35%
46.	Cooperative entity Agromilk	*3	302332698	Raseinių region, Kalnųj mstl. Žievelišės st. 1	**A	96,28%	96,28%
47.	Cooperative entity Purpurėja	*3	302542337	Širvintų region, Širvintų v., Zosinos st. 7	**A	99,53%	99,53%
48.	Bukonių ekologinis ūkis UAB	*4	302846621	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	100,00%	100,00%
49.	Agrosaulė 8 UAB	*4	302846105	Vilniaus mun., Vilnius, Smolensko st. 10-100	**G	100,00%	100,00%
50.	Biržai distr., Rinkuškiai reclamation infrastructure users association	*2	302465556	Biržų region, Biržai, Vytauto st. 38	**A	48,67%	48,67%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						2020 06 30	2019 12 31
51.	Pasvalys distr., Pušalotas reclamation infrastructure users association	*2	302465563	Pasvalio region, Diliauskų v., Diliauskų st. 23	**A	48,67%	48,67%
52.	Skėmiai reclamation infrastructure users association	*2	303170256	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	48,67%	48,67%
53.	Vaitiekūnai reclamation infrastructure users association	*2	303170306	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	48,67%	48,67%
54.	Association Grūduvos melioracija	*2	302567116	Šakių region, Gotlybiškių v., Mokyklos st. 2	**A	65,81%	65,81%
55.	Pauliai reclamation infrastructure users association	*2	303169909	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
56.	Nausode reclamation infrastructure users association	*2	304219592	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	70,74%	70,74%
57.	Traktorių nuomos centras UAB	*4	302820808	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
58.	Traktorių nuomos paslaugos UAB	*4	302820797	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
59.	Arnega UAB	*4	302661957	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
60.	AgroSchool OU	*6	12491954	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
61.	Public institution AgroSchool	*5	303104797	Vilniaus mun., Vilnius, Smolensko st. 10-100	**C	50,00%	50,00%
62.	AUGA Ramučiai UAB	*4	302854479	Akmenės region, Ramučių v., Klevų st. 11	**A	100,00%	100,00%
63.	AUGA Luganta UAB	*4	300045023	Kelmės region, Pašiaušės v., Vilniaus mun., Vilnius, Saltoniškių st. 29	**A	100,00%	100,00%
64.	eTime invest UAB	*4	300578676	Vilniaus mun., Vilnius, Saltoniškių st. 29	**G	100,00%	100,00%
65.	ŽVF Projektai UAB	*4	300137062	Jonavos region, Bukonių v., Lankesos st. 2	**E	52,62%	52,62%
66.	Agricultural entity Alantos ekologinis ūkis	*1	303324747	Moletų region, Kazlų v., Skiemonių st. 2A	**A	100,00%	100,00%
67.	Agricultural entity Dumšiškių ekologinis ūkis	*1	303324722	Raseinių region, Paraseinio v., Paraseinio st. 2	**A	100,00%	100,00%
68.	Agricultural entity Eimučių ekologinis ūkis	*1	303324715	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	100,00%	100,00%
69.	Agricultural entity Grūduvos ekologinis ūkis	*1	303324804	Šakių region, Gotlybiškių v., Mokyklos st. 2	**A	100,00%	100,00%
70.	Agricultural entity Jurbarkų ekologinis ūkis	*1	303325361	Jurbarko region, Klišių v., Vytauto Didžiojo st. 99	**A	100,00%	100,00%
71.	Agricultural entity Kairėnų ekologinis ūkis	*1	303325774	Radviliškio region, Vaitiekūnų v., Spindulio st. 13-2	**A	100,00%	100,00%
72.	Agricultural entity Lankesos ekologinis ūkis	*1	303325710	Jonavos region, Bukonių v., Lankesos st. 2	**A	100,00%	100,00%
73.	Agricultural entity Mantviliškio ekologinis ūkis	*1	303325703	Kėdainių region, Mantviliškio v., Liepos 6-osios st. 60	**A	100,00%	100,00%
74.	Agricultural entity Nausodės ekologinis ūkis	*1	303325781	Anykščių region, Nausodės v., Nausodės st. 55	**A	100,00%	100,00%
75.	Agricultural entity Skėmių ekologinis ūkis	*1	303325692	Radviliškio region, Skėmių v., Kėdainių st. 13	**A	100,00%	100,00%
76.	Agricultural entity Smilgių ekologinis ūkis	*1	303325824	Panevėžio region, Smilgiai, Panevėžio st. 23-1	**A	100,00%	100,00%
77.	Agricultural entity Spindulio ekologinis ūkis	*1	303325817	Radviliškio region, Vaitiekūnų v., Spindulio st. 13-2	**A	100,00%	100,00%
78.	Agricultural entity Vėriškių ekologinis ūkis	*1	303325849	Radviliškio region, Skėmių v., Kėdainių st. 13	**A	100,00%	100,00%
79.	Agricultural entity Žadžiūnų ekologinis ūkis	*1	303325870	Šiaulių region, Žadžiūnų v., Gudelių st. 30-2	**A	100,00%	100,00%
80.	Agricultural entity Želsvelės ekologinis ūkis	*1	303325856	Marijampolės mun., Želsvos v., Želsvelės st. 1	**A	100,00%	100,00%
81.	Prestviigi OU	*6	12654600	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
82.	Turvaste partners OU	*6	12655410	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
83.	Nakamaa Agro OU	*6	12655522	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10113	**G	100,00%	100,00%
84.	Hindaste Invest OU	*6	12655384	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						2020 06 30	2019 12 31
85.	Tuudi River OU	*6	12655640	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
86.	Palderma Partners OU	*6	12654959	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
87.	Ave-Martna Capital OU	*6	12655155	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
88.	Hobring Invest OU	*6	12655427	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
89.	Rukkirahhu Capital OU	*6	12655232	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
90.	Pahasoo OU	*6	12655367	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 32-8, 10133	**G	100,00%	100,00%
91.	Cooperative entity Ganikliis	*3	303429417	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
92.	Cooperative entity Ganiavos gėrybės	*3	303429431	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
93.	Cooperative entity Žemėpačio pieno ūkis	*3	303432388	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
94.	Cooperative entity Žemynos pienelis	*3	303427989	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
95.	Cooperative entity Lygiadienio ūkis	*3	303428087	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
96.	Cooperative entity Laumės pieno ūkis	*3	303427996	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
97.	Cooperative entity Medeinos pienas	*3	303428112	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	98,09%	98,09%
98.	Cooperative entity Gardaitis	*3	303429381	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
99.	Cooperative entity Dimstipatis	*3	303429424	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region,	**A	98,09%	98,09%
100.	Cooperative entity Aušlavis	*3	303429456	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
101.	Cooperative entity Austėjos pieno ūkis	*3	303428094	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region,	**A	98,09%	98,09%
102.	Cooperative entity Aitvaro ūkis	*3	303429374	Radviliškio region, Skėmių v., Alyvų st. 1-3	**A	98,09%	98,09%
103.	Cooperative entity Giraičio pieno ūkis	*3	303429399	Mažeikių aplinkl. 9, Naikių v., Mažeikių apylinkės sen., Mažeikių region,	**A	98,09%	98,09%
104.	Fentus 10 GmbH	*6	HRB106477	StraBe des 17 Juni 10b 10623 Berlin, Germany	**G	100,00%	100,00%
105.	Norus 26 AG	*6	HRB109356B	StraBe des 17 Juni 10b 10623 Berlin, Germany	**G	100,00%	100,00%
106.	LT Holding AG	*6	HRB109265B	StraBe des 17 Juni 10b 10623 Berlin, Germany	**G	100,00%	100,00%
107.	KTG Agrar UAB	*4	300127919	Vilniaus mun., Vilnius, Konstitucijos av. 21C	**A	100,00%	100,00%
108.	Agrar Raseiniai UAB	*4	300610316	Raseinių region, Ariogalos sen. Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
109.	AUGA Mažeikiai UAB	*4	300610348	Mažeikių av. 9, Naikių v., Mažeikių region,	**A	100,00%	100,00%
110.	PAE Agrar UAB	*4	300867691	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
111.	Delta Agrar UAB	*4	300868875	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
112.	KTG Grūdai UAB	*4	302637486	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
113.	KTG Eko Agrar UAB	*4	300510650	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
114.	Agronita UAB	*4	300132574	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
115.	Agronuoma UAB	*4	303204954	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
116.	VL Investment Vilnius 12 UAB	*4	303205611	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
117.	Agrar Ašva UAB	*4	301608542	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%

No.	Name of subsidiary	Legal form	Legal entity code	Registered office	Profile	Group ownership interest, %	
						2020 06 30	2019 12 31
118.	Agrar Varduva UAB	*4	301608791	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
119.	Agrar Seda UAB	*4	301608777	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
120.	Agrar Kvistė UAB	*4	302308067	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
121.	Agrar Luoba UAB	*4	302308035	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
122.	Agrar Gaja UAB	*4	302594412	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
123.	Agrar Ariogala UAB	*4	301626540	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
124.	Agrar Girdžiai UAB	*4	301621568	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
125.	Agrar Vidauja UAB	*4	301622531	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
126.	Agrar Raudonė UAB	*4	302309532	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
127.	Agrar Venta UAB	*4	302307855	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
128.	Agrar Nerys UAB	*4	302594063	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
129.	Agrar Gėluva UAB	*4	302312133	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
130.	Agrar Betygala UAB	*4	302312222	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
131.	Agrar Dubysa UAB	*4	302312215	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
132.	Agrar Pauliai UAB	*4	302312165	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
133.	Agrar Mituva UAB	*4	302312172	Raseinių region, Gėluvos v., Dvaro st. 30	**A	100,00%	100,00%
134.	AUGA Raseiniai UAB	*4	304704364	Raseinių region, Kalnųj, Žievelišės st. 1	**A	100,00%	100,00%
135.	Tėvynės žemėlė UAB	*4	303301428	Antano Tumėno st. 4, Vilniaus mun., Vilnius	**G	100,00%	100,00%
136.	Tėviškės žemėlė UAB	*4	303207199	Antano Tumėno st. 4, Vilniaus mun., Vilnius	**E	100,00%	100,00%
137.	Cooperative entity Grybai LT	*3	302765404	Žibaly st. 37, Širvintos	**A	100,00%	22,03%

COMMENTS:

*1 Agricultural entity	**A Agricultural operations	**G Management of subsidiaries
*2 Association	**B Cash pool of the group	**H Trade and logistics
*3 Cooperative entity	**C Human resource management	
*4 Private limited Company	**D IT system development	
*5 Public institution	**E Land management	
*6 Foreign legal entity	**F Lease of machinery	

4. Property, plant and equipment

GROUP	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction in progress	Total
Carrying amount						
As at 31 December 2018	21,638	41,495	25,701	2,746	1,312	92,892
Change in accounting policy	38,031	975	-	-	-	39,006
- additions	777	6	1,488	324	1,655	4,250
- disposals and write-offs	(19)	(37)	(305)	(117)	(339)	(817)
- revaluation	3,152	-	-	-	-	3,152
- depreciation (including ROU assets)	(5,359)	(2,382)	(4,282)	(755)	-	(12,778)
- reclassifications	2,401	921	-	-	(921)	2,401
As at 31 December 2019	60,622	40,978	22,602	2,198	1,707	128,108
- purchase of subsidiaries	-	2,282	2,214	121	-	4,617
- additions	5,423	240	1,016	274	336	7,288
- disposals and write-offs	(5)	(17)	(18)	(10)	-	(50)
- revaluation	-	-	-	-	-	-
- depreciation (including ROU assets)	(2,930)	(1,237)	(2,102)	(350)	-	(6,618)
- reclassifications	-	124	747	7	(877)	-
As at 30 June 2020	63,110	42,370	24,459	2,240	1,166	133,345
Acquisition cost as at or revaluated amount						
31 December 2018	21,638	52,695	39,547	5,101	1,312	120,293
31 December 2019	65,981	54,560	40,730	5,308	1,707	168,286
30 June 2020	71,399	57,188	44,689	5,700	1,166	180,142
Accumulated depreciation and impairment losses as at						
31 December 2018	-	(11,200)	(13,846)	(2,355)	-	(27,401)
31 December 2019	(5,359)	(13,582)	(18,128)	(3,110)	-	(40,179)
30 June 2020	(8,288)	(14,819)	(20,230)	(3,460)	-	(46,797)
Carrying amount as at						
31 December 2018	21,638	41,495	25,701	2,746	1,312	92,892
31 December 2019	60,622	40,978	22,602	2,198	1,707	128,108
30 June 2020	63,110	42,370	24,459	2,240	1,166	133,345

Right-of-use assets (ROU assets) recognized by the Group included the following type of assets:

	Land	
	30 June 2020	31 December 2019
Right of use assets		
Acquisition cost	40,728	40,433
Additions	4,942	295
Less: accumulated depreciation	(8,288)	(5,359)
Carrying amount	37,382	35,332
	Buildings	
	30 June 2020	31 December 2019
Right of use assets		
Acquisition cost	975	975
Additions	33	-
Less: accumulated depreciation	(202)	(133)
Carrying amount	806	842

5. Biological assets

The movement of Group's biological assets (in EUR thousand) consisted of the following:

	Non – current assets		Current assets		Total
	Dairy cows	Other livestock	Mushroom seedbed	Crops	
Balance as at 31 December 2018	5,275	3,853	2,088	12,302	23,518
Direct purchases	-	32	-	-	32
Accumulated expenses	-	3,613	26,359	34,484	64,456
Transfer between groups	2,302	(2,302)	-	-	-
Direct sales	(470)	(246)	-	-	(716)
Harvest	-	-	(26,221)	(38,258)	(64,479)
Revaluation	(1,028)	(125)	-	5,281	(4,128)
Write-offs	(336)	(1,171)	-	-	(1,507)
Balance as at 31 December 2019	5,743	3,654	2,226	13,809	25,432
Direct purchases	5	-	-	-	5
Accumulated expenses	-	1 938	14,298	48,261	64,497
Transfer between groups	1,295	(1,295)	-	-	-
Direct sales	(250)	(121)	-	-	(371)
Harvest	-	-	(14,294)	(33,550)	(47,844)
Revaluation	(1,092)	(521)	-	6,382	4,769
Write-offs	(70)	(98)	-	-	(168)
Balance as at 30 June 2020	5,631	3,557	2,230	34,902	46,320

6. Inventory

The movement of Group's inventory quantities (in tonnes) consisted of the following:

	Wheat	Legumes	Mushrooms	Milk	End-consumer goods	Other	Forage	Raw materials*	Total
Balance as at 31 December 2018	16,423	12,188	194	12	-	-	50,126	-	78,943
Purchases	2,721	2,115	-	-	-	-	96	-	4,932
Sales	(35,984)	(13,385)	(12,256)	(24,549)	-	-	(1,208)	-	(87,382)
Production	51,268	18,055	12,063	26,165	-	-	69,418	-	176,969
Consumed in preparation of biological assets (livestock)	(2,200)	(3,725)	-	(1,268)	-	-	(56,306)	-	(63,499)
Consumed in preparation of biological assets (crops and mycelium seedbeds)	(5,901)	(7,575)	-	-	-	-	-	-	(13,476)
Inventory write-offs	(339)	(161)	-	(342)	-	-	(2,786)	-	(3,628)
Balance as at 31 December 2019	25,988	7,512	1	18	-	-	59,340	-	92,859
Purchases	150	3,415	-	-	-	-	110	-	3,675
Sales	(22,950)	(4,795)	(6,579)	(13,157)	-	-	(2,901)	-	(50,382)
Production	-	-	6,584	14,193	-	-	28,545	-	49,322
Consumed in preparation of biological assets (livestock)	(700)	(1,756)	-	(568)	-	-	(26,222)	-	(29,246)
Consumed in preparation of biological assets (crops and mycelium seedbeds)	(375)	(3,424)	-	-	-	-	-	-	(3,799)
Inventory write-offs	(176)	(14)	-	(475)	-	-	(1,534)	-	(2,199)
Balance as at 30 June 2020	1,937	938	6	11	-	-	57,338	-	60,230

*Raw materials consist of various units of measure, thus it cannot be disclosed in this table.

6. Inventory (continued)

The movement of Group's inventory values (in EUR thousand) consisted of the following:

	Wheat	Legumes	Mushrooms	Milk	End-consumer goods	Other	Forage	Raw materials	Total
Balance as at 31 December 2018	4,188	4,430	104	-	85	7,551	5,709	6,641	28,708
Purchases	875	992	-	-	2,943	3,722	6	12,318	20,856
Sales	(9,473)	(4,880)	(26,348)	(9,925)	(2,987)	(14,208)	(25)	(587)	(68,433)
Production	12,659	6,461	26,247	10,676	174	15,108	4,808	3,438	79,571
Consumed in preparation of biological assets (livestock)	(495)	(1,407)	-	(479)	-	(1,194)	(3,829)	(5,749)	(13,153)
Consumed in preparation of biological assets (crops and mycelium seedbeds)	(963)	(2,887)	-	-	-	(3,253)	-	(10,409)	(17,512)
Inventory write-offs	(86)	(57)	-	(135)	(30)	(845)	(206)	(35)	(1,394)
Balance as at 31 December 2019	6,705	2,652	3	137	185	6,881	6,463	5,617	28,643
Inventory acquired with subsidiaries	-	-	-	-	255	-	-	756	1,011
Purchases	49	1,587	-	-	1,701	2,765	11	6,193	12,306
Sales	(6,031)	(1,759)	(13,471)	(4,846)	(1,831)	(4,458)	(208)	53	(32,551)
Production	-	-	13,480	5,100	81	-	2,090	1,662	22,413
Consumed in preparation of biological assets (livestock)	(161)	(667)	-	(201)	-	(812)	(1,869)	(2,813)	(6,523)
Consumed in preparation of biological assets (crops and mycelium seedbed)	(111)	(1,552)	-	-	-	(1,657)	-	(4,562)	(7,882)
Inventory write-offs	(47)	(5)	-	(186)	(2)	(281)	(111)	(57)	(689)
Balance as at 30 June 2020	404	256	12	4	389	2,438	6,376	6,849	16,728

7. Receivables and advance payments

As at the balance sheet date Group's receivables and advance payments consisted of the following:

	As at 30 June 2020	As at 31 December 2019
Total trade accounts receivable	7,482	7,247
VAT receivable	1,586	639
Receivables from National Paying Agency	4,785	1,385
Accounts receivable from private individuals	58	43
Other receivables	327	1,173
Advance payments and deferred expenses	3,858	2,982
Less: loss allowance	(148)	(148)
Total trade accounts receivable, net	17,946	13,322
Non-current receivables, gross	1,941	5,975
Less: loss allowance	(299)	(299)
Total	19,588	18,998

Receivables from the National Paying Agency are the direct subsidies receivable for crops and milk, which are due by 30 April of the following year.

8. Financial liabilities

The Group's long-term borrowings consisted of the following:

	As at 30 June 2020	As at 31 December 2019
<i>Borrowings from banks</i>		
Mushroom growing companies	981	1,970
FMCG companies	1,287	-
Agricultural entities	5,772	6,435
Parent company	2,000	-
<i>Other borrowings</i>		
Creditors	756	3,489
Investment fund for purchased land	253	1,072
Green Bonds	18,670	18,523
Total	29,720	31,489
Less: amounts, payable within one year (according to agreements)	(6,134)	(10,819)
Total long-term borrowings	23,587	20,670

On 13 December 2019 the Group issued 20,000 units of Green Bonds (hereinafter – Bonds) with a nominal value of EUR 1,000 and an annual interest rate of 6%. The maturity date of Bonds falls on 17 December 2024. Interest payment dates are set at 17 December of each year until 2024. The Bonds were introduced to trading on regulated market in AB Nasdaq Vilnius Bond list. Balance sheet value of the bonds represent the value of the bonds after discounts and other related expenses. These expenses and discounts are accounted as interest expenses and capitalized to the value of the bonds over the 5-year period.

The long-term borrowings and payables are repayable as follows:

	As at 30 June 2020	As at 31 December 2019
<i>Financial liabilities to banks and bondholders</i>		
Within second year	3,369	997
Within third and fourth year	968	571
After fifth year and later	19,250	19,102
Total	23,587	20,670

The Group's short-term borrowings were the following:

	As at 30 June 2020	As at 31 December 2019
<i>Borrowings from banks</i>		
Mushroom growing companies	2,400	2,400
FMCG companies	182	-
Parent company	19,500	16,900
Total short-term borrowings	22,082	19,300

Short-term loans from banks include EUR 22,082 thousand (in 2019: EUR 19,300 thousand) credit-line facilities.

9. Leases

The Group's leases consisted of the following:

	As at 30 June 2020	As at 31 December 2019
<i>Lease liabilities</i>		
Lease liabilities related to right-of-use assets*	36,578	34,960
Lease liabilities related to other assets**	8,380	8,245
Total	44,957	43,205
Less: amounts payable within one year		
Lease liabilities related to right-of-use assets*	2,304	4,113
Lease liabilities related to other assets**	2,005	2,942
Total	4,309	7,054
Total long-term leases	40,649	36,150

* Lease liabilities accounted as operational lease before adoption of IFRS 16.

** Lease liabilities accounted as financial lease before adoption of IFRS 16.

10. Results of business segments

CROP GROWING SEGMENT

a) Harvest of agricultural produce	6-month period ended 30 June 2020	6-month period ended 30 June 2019
Total cultivated land, ha	39,637	38,564
Wheat	11,896	11,503
Legumes	9,035	8,039
Other cash crops	9,350	9,129
Forage Crops	8,482	8,984
Fallow	875	910
Average harvest yield, t/ha		
Wheat	-	-
Legumes	-	-
Other cash crops	-	-
Forage Crops	-	-
Total fair value of harvest, EUR'000	33,550	28,060
Wheat	11,294	10,474
Legumes	6,512	4,429
Other cash crops	12,052	7,986
Forage Crops	3,691	5,171
Total production cost of harvest, EUR'000	27,167	24,767
Wheat	9,450	8,117
Legumes	5,515	4,974
Other cash crops	8,513	6,504
Forage Crops	3,691	5,171
Total Fair value gain (loss) on revaluation of biological assets, EUR'000*	6,382	3,294
Gain (loss) on revaluation of biological assets recognized in previous periods, EUR'000*	1,450	-
Gain (loss) on revaluation of biological assets (crops) recognized in reporting period, EUR'000*	4,932	3,294

* The Group estimated the fair value of cash crops as at 30 March 2020 for more information please see management report section.

b) Sales of agricultural produce	6-month period ended 30 June 2020	6-month period ended 30 June 2019
Total revenue of sold agricultural produce, EUR'000	11,899	8,780
Total cost of sold agricultural produce*, EUR'000	12,500	9,548
Total inventory write-offs, EUR'000	(689)	(496)
Result of sales of agricultural produce, EUR'000	(1,290)	(1,264)

* The cost of sold agricultural produce represents the value of crops evaluated at fair values at point of harvest and related sales costs.

c) Agricultural subsidies	6-month period ended 30 June 2020	6-month period ended 30 June 2019
Direct subsidies, EUR'000	2,348	2,100
Organic farming subsidies, EUR'000	1,368	1,416
Total subsidies, EUR'000	3,716	3,516
Gross profit of crop growing segment per period, EUR'000 (a+b+c)	7,358	5,546
Depreciation included in the harvest of agricultural produce, EUR'000	1,945	2,019

10. Results of business segments (continued)

DAIRY SEGMENT	6-month period ended 30 June 2020	6-month period ended 30 June 2019
Total tonnage sold, tons	13,546	13,055
Non-organic milk, tons	1,166	4,611
Organic milk, tons	11,993	8,088
Cattle, tons	388	356
Total revenues of dairy segment, EUR'000	5,591	5,206
Non-organic milk, EUR'000	382	1,526
Organic milk, EUR'000	4,838	3,290
Cattle, EUR'000	371	390
Total cost of dairy segment, EUR'000	5,217	5,132
Milk, EUR'000	4,846	4,742
Cattle, EUR'000	371	390
Revaluation of biological assets, EUR'000	(1,613)	(1,492)
Total subsidies, EUR'000	1,312	1,112
Gross profit of dairy segment, EUR'000	73	(306)
Depreciation included in cost of dairy segment sales, EUR'000	254	268

MUSHROOM SEGMENT	6-month period ended 30 June 2020	6-month period ended 30 June 2019
Total tonnage sold, tons	6,579	6,001
Non-organic mushrooms, tons	6,078	5,562
Organic mushrooms, tons	501	439
Total revenues from mushroom sales, EUR'000	14,263	12,645
Non-organic mushrooms, EUR'000	12,661	11,292
Organic mushrooms, EUR'000	1,602	1,352
Total cost of mushrooms sold, EUR'000	13,221	11,686
Non-organic mushrooms, EUR'000	12,141	10,831
Organic mushrooms, EUR'000	1,080	855
Total revenues from sales of mushroom seedbed, EUR'000	951	1,158
Total cost from sales of mushroom seedbed, EUR'000	827	1,073
Gross profit of mushroom growing segment, EUR'000	1,066	1,044
Depreciation included in cost of mushroom sales, EUR'000	810	848

END-CONSUMER PACKAGED GOODS	6-month period ended 30 June 2020	6-month period ended 30 June 2019
Total revenue from end-consumer packaged goods sales, EUR'000	1,993	1,053
Total cost of sales of end-consumer packaged goods, EUR'000	1,904	1,008
Gross profit of sales of end-consumer packaged goods, EUR'000	88	45
Depreciation included in cost of sales of end-consumer packaged goods, EUR'000	29	-

11. Operating expenses

Operating expenses breakdown by type of expenses was the following:

	6-month period ended 30 June	
	2020	2019
Payroll expenses	1,690	1,682
Social security expenses	563	542
Share based payments amortization	123	64
Fines and late payments	40	157
Depreciation of property, plant and equipment	394	348
PPE impairment	-	5
Consultations and business plan preparations	140	150
Insurance and tax expense	296	190
Selling expenses	331	311
Fuel costs	79	103
Real estate registration and notaries	62	31
Rent and utilities	190	179
Transportation costs	115	136
Office administration	241	168
Other expenses	327	347
Total	4,591	4,413

In April 2019 the Company approved Employee Option Plan thus Share-Based Payments expenses were recognized. It should be noted that respective expenses are equity-settled and are recognized evenly per 3-year vesting period.

12. Other income

Other income breakdown by type was the following:

	6-month period ended 30 June	
	2020	2019
Gain (loss) from sale of property, plant and equipment	12	34
Gain (loss) from sale of subsidiaries	-	3
Interest and fines income	89	222
Insurance benefits	23	23
Other income	104	104
Total	228	386

13. Financial expenses

Financial expenses breakdown by type was the following:

	6-month period ended 30 June	
	2020	2019
Bank interest expenses	835	1,096
Bond interest expenses	748	-
Leasing and other financial expenses	129	164
Interest expenses (IFRS 16)	1,151	670
Currency exchange differences	12	10
Other financial expenses	47	19
Total	2,922	1,959

14. Business combinations

On 14 February 2020 Group companies Baltic Champs UAB and AUGA Luganta UAB together with other shareholders of Grybai LT, KB capitalised loans provided to Grybai LT, KB which resulted in an increase in share capital of Grybai LT, KB and a change in the Group's interest in the company. As a result, the Group's share in Grybai LT, KB increased from 22% to 61 %. On 28 May 2020 Group companies Agromilk, KB, Juodmargelis, KB and Šventosios pievos, KB has bought-out the rest of minority shareholders and with this transaction the Group took over the full control of Grybai LT, KB. Grybai LT, KB owns production plant that produces end-consumer goods.

Fair value estimation of Grybai LT, KB is as follows:

Business combination	Grybai LT, KB Fair value as at 31 May 2020
<i>Non-current assets</i>	
PPE	4,617
<i>Current assets</i>	
Inventory	1,011
Trade receivables and other current assets	249
Cash and cash equivalents	2
<i>Long term liabilities</i>	
Financial liabilities	(1,287)
Borrowings from AUGA group companies	(3,525)
Deferred tax liability	-
<i>Short term liabilities</i>	
Other financial liabilities	(182)
Trade payables and other current liabilities	(485)
Net assets at acquisition date	399
Acquired share capital, %	100.00
Total value of the acquired investment	399
Cash paid for shares	1,504
Debt capitalisation	1,653
Total purchase consideration	3,157
Goodwill	2,758

Before the take-over of full control, Grybai LT, KB provided manufacturing services to the Group and produced end-consumer goods under Auga brand and other brands. The Group has acquired Grybai LT, KB in order to expand its production capacity of end-consumer goods, have full control over manufacturing processes and improve these processes.

Outflow of cash to acquire Grybai LT, KB, net of cash acquired:

Purchase consideration settled in cash	1,504
Less: cash and cash equivalents acquired	2
Net cash outflow on acquisition	1,502

The fair value and gross amount of acquired trade receivables is EUR 249 thousand. None is expected to be uncollectible.

The acquired entity is included in the consolidated financial statements of the Group as of 1 June 2020. The acquired entity contributed to consolidated revenue by EUR 65 thousand and net loss of EUR 36 thousand in the period from 1 June 2020 to 30 June 2020.

15. Material transactions with related parties

On 3 October 2018 AUGA group, AB and Baltic Champs Group, UAB (holding 55.04 per cent of shares in AUGA group, AB) signed Agreement on extension of up to 4 million EUR loan. The loan was provided with no collateral, there were no up front or similar fees, and with fixed interest rate that meets market conditions. The loan was repaid as at 19 June 2020.

16. Subsequent events January – August 2020

The Company informs of all material events over the CNS system of NASDAQ Vilnius and on the ESPI information system which is operated by Polish FSA, as well as on Electronic Information Base which is operated by Warsaw Stock Exchange.

Announcement date	Announcement header
28.08.2020	AUGA group, AB will organize an Investor Conference Webinar to introduce unaudited financial results for the 6 months of 2020
01.07.2020	AUGA group, AB enters Australian market
20.06.2020	Enlight Research has published a report on AUGA group
02.06.2020	AUGA group, AB held an investor conference webinar
01.06.2020	AUGA group, AB has published detailed Strategy presentation for investors
31.05.2020	AUGA group, AB presentation of financial results for the 3 months of 2020
29.05.2020	Companies controlled by AUGA group, AB acquired the control of Cooperative company "Grybai LT".
26.05.2020	AUGA group, AB will hold an Investor Conference Webinar to introduce unaudited financial results for the 3 months of 2020
30.04.2020	Decisions of the Ordinary General Meeting of Shareholders of AUGA group, AB which Took Place on 30th April
27.04.2020	INFORMATION FOR MEDIA: AUGA group, AB introduces its five-year strategy: key aims include delivering organic food with no cost to nature and becoming a synonym for sustainability
22.04.2020	AUGA group, AB Notification of transactions by persons discharging managerial responsibilities
22.04.2020	AUGA group, AB progresses with its employee motivation scheme through share options
17.04.2020	Notice on the update of questions of the agenda of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2020 by drafts of decisions and related information
11.04.2020	Notice on the update of questions of the agenda of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2020 by drafts of decisions and related information
08.04.2020	Notice on Convocation of the ordinary General Meeting of Shareholders of AUGA group, AB on 30 April 2020
04.03.2020	AUGA group, AB held an investor conference webinar
28.02.2020	Interim information on AUGA group, AB for the 12-month period ended 31 December 2019
27.02.2020	AUGA group will hold an Investor Conference Webinar to introduce unaudited financial results for the 12 months of 2019
19.02.2020	AUGA group became the first Baltic issuer on the Nasdaq Sustainable Bond Network
28.01.2020	Dates of periodic information disclosure of AUGA group, AB for the year 2020 (investor calendar)