AUGA group, AB
consolidated Annual Report, Consolidated and Separate Financial Statements and Independent Auditor's Report for the Year Ended 31 December 2022

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1. OVERVIEW

1.1. CEO's Foreword

Dear members of the AUGA community,

In late 2022, Inger Andersen, the Executive Director of the United Nations Environment Programme, commenting on the latest global forecasts on climate change and their possible consequences, noted: "even if countries met all their new climate pledges, combined with net zero commitments, it would get the globe to 1.8 degrees of warming by 2100". Does that mean that countries', business', and organisations' current emission reduction goals could be more ambitious? Yes. Today, however, the world needs more than clear goals and speeches committing to achieving them. It needs real actions here and now.

Undoubtedly, world-shaking events, market instability, the energy crisis and supply disruptions have been causing tension on an international level. In 2022 these factors affected us too. The development of sustainable technology was delayed by a lack of components and disrupted supply chains. Energy costs rising to record highs created challenges in production, which consequently affected AUGA group's financial results. Additionally, at the beginning of the year disrupted logistics slowed sales of the final consumer products.

Despite all the difficulties, in 2022 we improved our financial results and recovered from the difficult year of 2021, when part of the harvest was lost due to natural heat. The Group's gross profit rose to EUR 15.27 million in 2022 and was 286% higher than in 2021, while EBITDA grew by 115% - from EUR 9.10 million in 2021 to EUR 19.58 million in 2022. The better results were accomplished with the help of better yields and, of course, higher production prices.

In this sustainable business journey we have never doubted that we must implement our innovation agenda, because technology is the future. Without that, the agricultural sector will not be able to achieve its emission reduction goals and economic targets, farmers will not be able to work more sustainably, and consumers will not be able to choose food with no cost to nature.

In 2022 we continued moving forward with our technological projects. We carried out testing of the AUGA M1 biomethane and electricity-powered prototype tractor in real fields. We made technical preparations for serial production and, after the reporting period in early 2023, publicly presented a tractor from the first production batch. We continued testing the specialised feed technology, which will significantly reduce the methane emissions resulting from cattle digestion processes. We worked actively to develop biomethane infrastructure and already in the first half of 2023, the first biogas plant will start producing sustainable fuel for tractors.

Last year, due to higher crop yields and increased livestock numbers, AUGA group's operating emissions slightly increased. Note, however, that the new technologies in development have not yet been employed in the group's activities. Their fundamental effect on emissions will become visible over the coming two years.

We pay the most of our attention to the environmental issues, nevertheless, social and governance areas are also important in the group's activities. In 2022, shareholders' ranks grew to include employees and participants of the first-year share option programme. We continued to responsibly take care for the safety and health of our employees in the working environment by providing additional health insurance. The independent Board also successfully continued its work. In 2023, its composition will be renewed, as envisaged in the company's articles of association, to ensure transparency and accountability to investors and other stakeholders.

Our large team's motivation, professionalism, and desire to create a more sustainable tomorrow have helped not only to advance towards the goals set in our strategy, but also to show that we can do more. In 2023, we are stepping forward with much greater determination and passion to achieve breakthroughs in order to live up to our mission "no cost to nature" and become a sustainable agricultural technology (AgTech) company.

We believe that climate change can be stopped. By developing and applying technologies, we, first of all, aim to demonstrate leadership. Yet our ultimate goal is bigger – we will do everything we can to make a positive impact with the help of a strong community. Therefore, we intent to make the technologies we develop and test available to all farmers, who will be ready to work sustainably.

Kęstutis Juščius

CEO, AUGA group

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1.2. AUGA group at a Glance

The largest
vertically integrated organic food producer in Europe and sustainable agricultural technology developer

1226
employees

38.5
thousand hectars of arable land

4
business segments

80.1
EUR million revenue

19.6
EUR million EBITDA

Listed on
Nasdaq Vilnius

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

2974
shareholders

86
thousand tonnes of crop production sold

25
thousand tonnes of dairy production sold

11.5
thousand tonnes of mushrooms sold

Products are sold in
35
countries

66
% of sales is export

The first
in the world biomethane and electricity-powered tractor for professional use

1.3. Business Model

AUGA group, AB, (hereinafter – the Company) and its subsidiaries (hereinafter – the Group, AUGA group) operate in Lithuania (with headquarters at Konstitucijos Ave. 21C in Vilnius). AUGA group is the largest vertically integrated organic food producer in Europe and a developer of sustainable agricultural technologies. The Group implements a sustainable farming model based on new technologies on organically certified arable land. For more information about organic farming and the sustainability practices used, see section 4.3.2. Organic Farming and Sustainability Practices.

1.3.1. Business Segments

AUGA group operates in four main business segments in the **agriculture** and **food production** industries. Following structural changes at the end of the 2022, a new, fifth segment was specified - **technologies for sustainable agriculture, segment results will be published from 2023:**

- **Crop growing** – the Group grows organic wheat, legumes, rapeseed, sugar beets, oats and other crops. It additionally grows organic vegetables and prepares organic feed for livestock.

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

- **Mushroom growing** – the Company's subsidiary Baltic Champs, UAB, is one of the largest and most modern producers of mushrooms in the Baltic region. It supplies white and brown champignons, oyster, portobello, eringi, and shiitake mushrooms, as well as compost for mushroom growing.

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

- **Technologies for sustainable agriculture (AgTech)** – The Company develops innovative sustainable agricultural technologies (biomethane and electricity-powered tractor, specialised feed technology, etc.) through the subsidiary AUGA Tech, UAB, seeking to accelerate the achievement of the goals of the innovation agenda. AUGA Tech, UAB aims to concentrate activities related to the development of agricultural technologies, strengthen engineering competences in the sustainable farming field, and make the developed technologies available to farmers who seek to work sustainably, thereby contributing to the reduction of greenhouse gas emissions from agricultural activities.

GRI 2-1 GRI 2-6

1.3.2. Structure of the Group

AUGA group is characterised by its large number of activities. The Group consists of the companies below, grouped by business segments or relevant activities:

Administration, parent company
AUGA group, AB

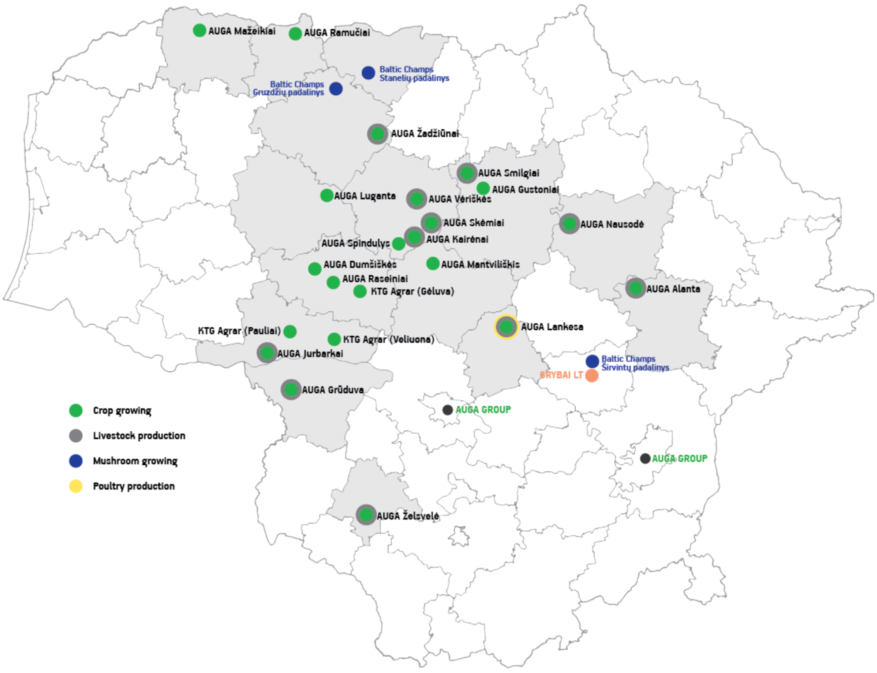
Crop growing	Dairy	Mushroom growing and sales	FMCG production and sales	R&D activities
Agricultural entities	Agricultural entities	UAB „Baltic Champs“	KB Grybai LT	AUGA Tech, UAB

Services
ŽŪK “Agrobokštai“, “Agrotechnikos centras“ UAB

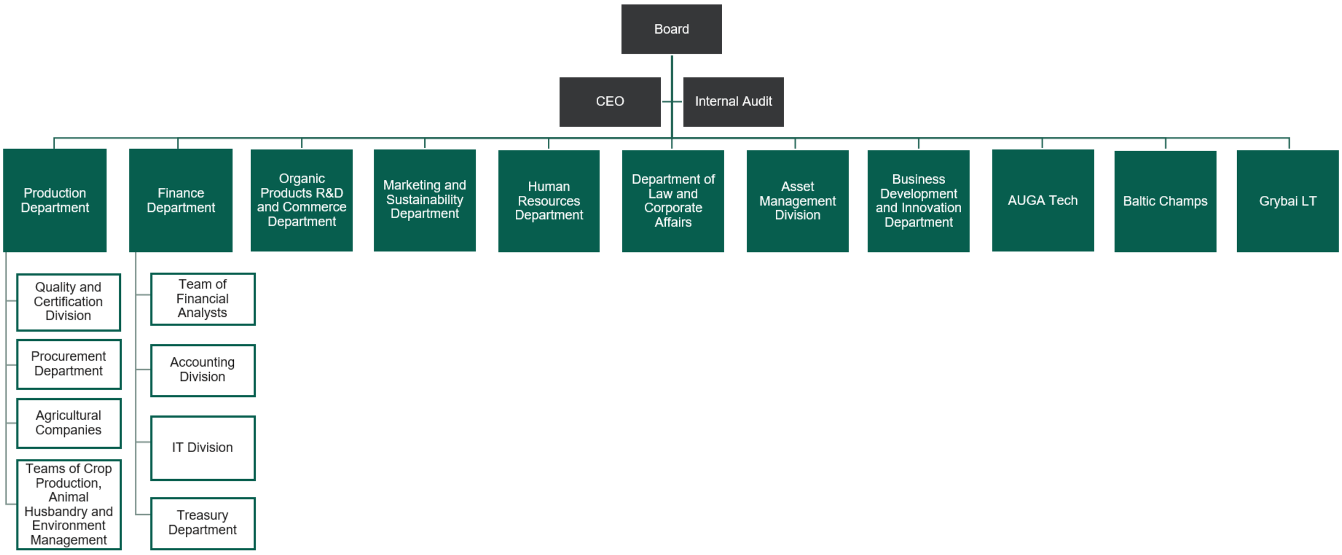
Commodity trading
UAB “Grain LT“

The Group conducts its operations on more than 38,500 ha of arable land in the most fertile areas of Lithuania. The Group itself owns 12.6% of the land. AUGA group gains efficiency of returns by leasing of land rather than low returns as an owner.

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



1.3.3. Organisational Structure of the Group



More information about the Group’s staff can be found in section 4.4. People and Social Responsibility.

1.3.4. The Group’s Competitive Advantages

- **Economies of scale** – what sets the Group apart from its competitors is the scale of its activities. It operates on a large area of land. That, combined with still lower labour costs and the economies of scale, gives AUGA group a significant cost advantage.
- **Vertical integration** – the Group grows a wide range of organic products and manages their processing. This makes it possible to offer a variety of final consumer products, such as ready-to-eat soups and other preserved products, vegetables, mushrooms, dairy products, eggs, etc.
- **Full traceability** – the business model developed and followed by the Group allows full traceability from seed to pack and ensures products are of high quality. This helps earn the trust of private label producers, retailers, and the final consumers of branded AUGA products.
- **Synergies among different branches of agriculture** – the closed-loop agriculture model, with its internal integration of the crop-growing, dairy and mushroom-growing segments, makes it possible to obtain sufficient quantities of products that meet organic farming requirements.
- **Creating and integrating technologies into practice** – modern technologies are the key to future global progress. They will make it possible to curb the climate change. By developing innovative solutions for agriculture that are not available on the market today, the Group aims to raise sustainable farming standards and spark a breakthrough across the whole food system. Both consumers and investors will support such companies today and in the future.

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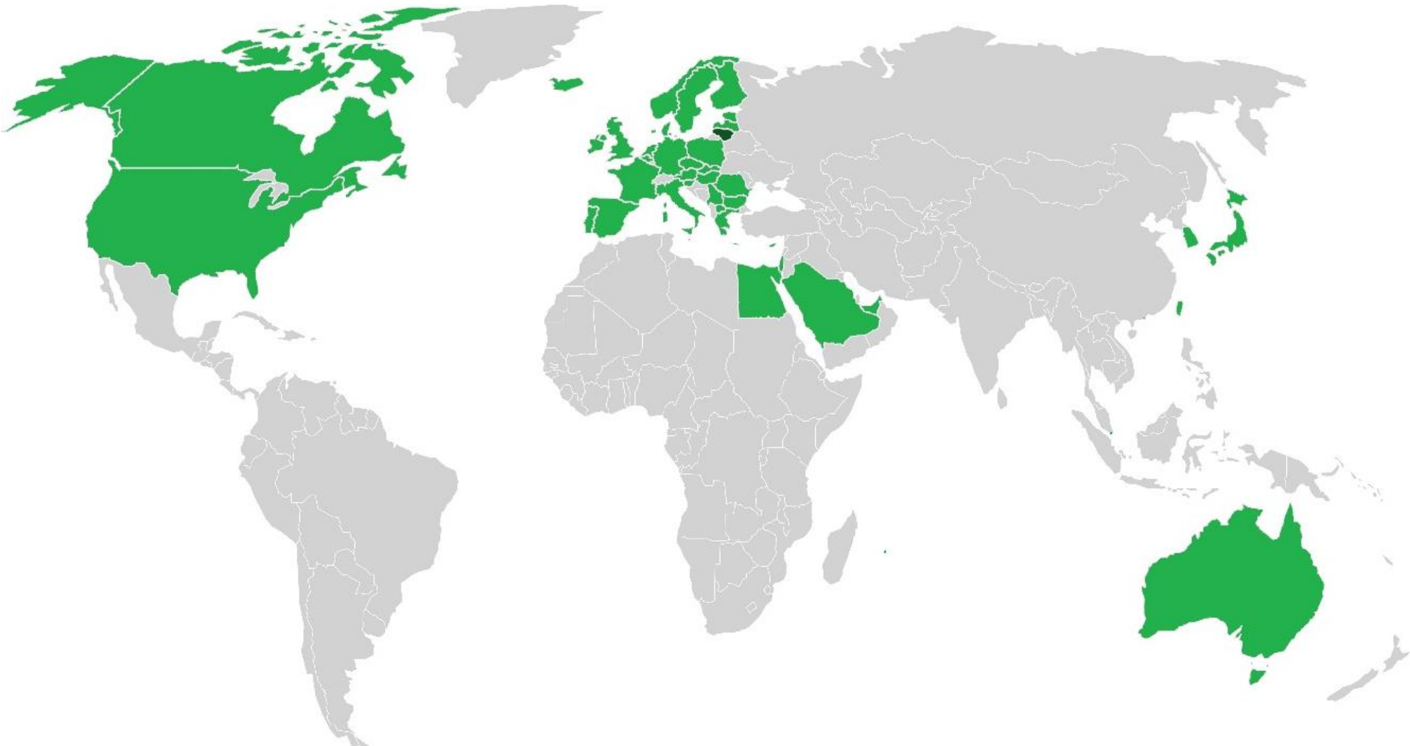
1.3.5. Export Markets

The Company exports its products to 35 countries around the world. AUGA group's most important export markets are: the USA, Germany, Japan, the Netherlands, the United Kingdom, and the Scandinavian countries.

No products were exported to Russia or Belarus in 2022.

Map of export markets in 2022:



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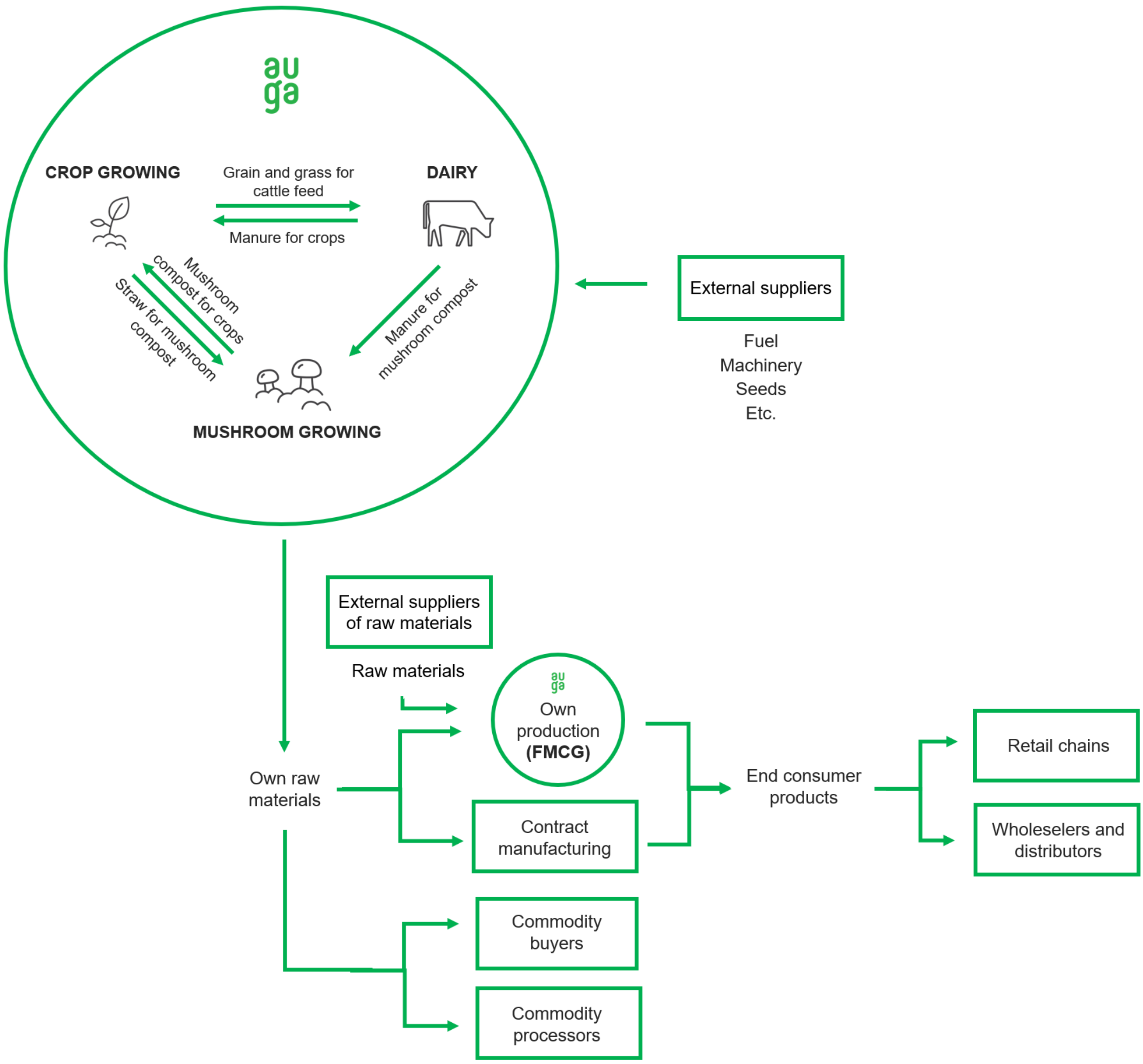
1.3.6. The Group's Supply Chain

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

Raw materials produced by the Group are sold to traders or processors. Additionally, the Group produces FMCG products for consumers from the commodities that it grows, for sale under the AUGA brand or private labels. Those products are sold in retail chains via wholesalers or distributors.



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1.3.7. Fast-Moving Consumer Goods (FMCG) Portfolio

Organic soups	Organic oatmeal	Organic vegetables	Organic mushrooms	Organic canned products
Carrot soup	Apple and cinnamon oatmeal	Carrots	White champignons	Canned champignons
Beetroot soup	Apricot and banana oatmeal	Beetroot	Brown champignons	Canned, sliced champignons
Tomato soup	Banana and strawberry oatmeal	Onions	Eringi mushrooms	Marinated champignons
Champignon soup	Apple and raspberry oatmeal	Cabbage	Shiitake mushrooms	Beetroots in apple juice
Vegetable soup „Minestrone“	Wild berry oatmeal	Potatoes	Oyster mushrooms	Pickled beetroots
Three lentil soup	Apple and cinnamon oatmeal (in a bag)		Portobello mushrooms	White beans in brine
Butternut squash soup	Apricot and banana oatmeal (in a bag)		Grill champignons	Red kidney beans in brine
Spicy curry soup				White beans in tomato sauce
Cold tomato soup „Gazpacho“				Red kidney beans in chili sauce
Sauerkraut soup				Chickpeas in brine
Vegan chilli bean soup				Double steamed red kidney beans
Sweet corn soup				Double steamed white beans
				Double steamed chickpeas
				Double steamed brown lentils

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1.4. Strategy

In 2020, AUGA group announced its strategy to improve efficiency in all business segments and set a standard for sustainable farming. The Group is pursuing the latter goal, as the agricultural sector, in which it operates, is one of the largest environmental polluters in Lithuania and the world. According to the latest data provided by the International Panel on Climate Change (IPCC), published in 2022 on year 2019, agriculture is responsible for over 20% of global emissions.

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

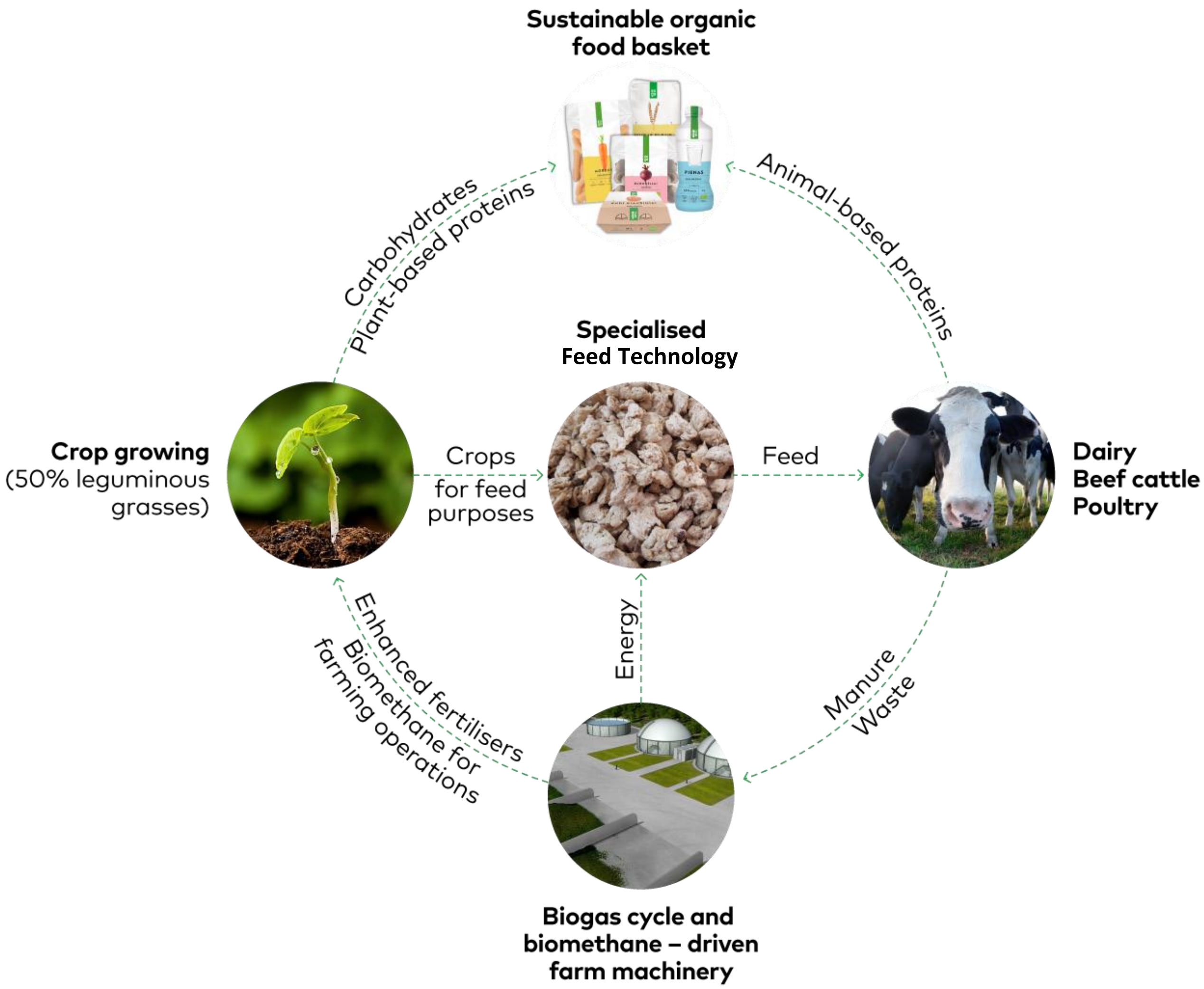
The announced strategy envisages the development of a new model for sustainable organic food production - the Sustainable Organic Food Architecture (SOFA), which will be integrated into the Group‘s current circular economy model. SOFA will help to address the most pressing technological challenges in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

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

1 **Creation of Biogas cycle infrastructure and biogas powered vehicles**, which will enable to run farm operations without fossil fuels, using manure not only as a fertiliser, but also as a source of biofuel production. The emissions from fossil fuel use on farms will be reduced by 50%.

2 **Specialised feed technology**, which will provide an opportunity to reduce methane emissions from ruminants by 50% (calculated per one tonne of cow‘s milk), as well as improve milk yield.

3 **Regenerative crop-rotation**, which will replace cereal crops with perennial leguminous grasses capable of sequestering carbon and fixing nitrogen in the soil. Emissions will be reduced by 30%, calculated per tonne of dry matter of crop production.



1.4.1. The Goals of the Innovation Agenda

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

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

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

- To consumers – ability to deliver a consumer basket with no cost to nature.
- To farmers – functionality of Sustainable Organic Food Architecture, which reduces carbon dioxide and its equivalent emissions.
- To lenders – resilience in business structure through long-term financing and impact-driven lenders.
- To shareholders – unique asset-light business model, assuring a 15% return on capital, multiplying Company’s value x3 and retaining growth dynamics after the implementation of the strategy.

1.4.2. Implementation of the Strategy

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

The first result of implementing the 2020-2025 strategy was the AUGA M1 prototype of biomethane and electricity-powered tractor for professional use, which was presented in year 2021. It can save 100 t of CO_2e emissions per year, compared to its fossil-fuel-powered analogues. During 2022, the prototype was prepared for serial production and at the beginning of 2023 the tractor from the first production batch was presented to the public.

Other strategic projects significantly advanced as well in 2022. More information about the progress of agricultural technologies developed by AUGA group can be found in section 4.3.10. Research and Development.

1.5. Vision, Mission, Values

With the release of the new strategy, AUGA group in 2020 has updated its vision, mission, and values, which are in line with the Group's day-to-day operations, goals and pursued results. Sustainability has become the core of the vision and mission.

Vision – a synonym for sustainable food and lifestyle.

Mission – food with no cost to nature.

AUGA group's activities are guided by the following values – sustainability, innovation, and positive impact.

Sustainability

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

Innovation

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

Positive impact

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

1.6. Risk Management

The Risk Management Guidelines were approved by the Company's audit committee and the independent Board in 2021. Each year, the Group performs an assessment of its main risks and draws a risk assessment map, taking into account both the probability and the significance of risks. The main risks identified for the Group at the start of 2022 were:

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

Prices of agricultural products. The Group's revenue and performance depend on several factors, including the prices of raw materials for agricultural production, which are beyond the Group's control. Agricultural product prices are strongly influenced by varied factors that are difficult to predict do not dependent on the Group (weather conditions, government policy on agriculture, changes in global demand due to demographic changes, changes in living conditions, competitive products in other countries). Factors such as geopolitical events, climate conditions, infections, pest infestations, national agricultural policies in different countries, and so on, can all have a significant impact on the supply and prices of primary agricultural products. Demand for key agricultural raw materials may be affected by various international and local programmes undertaken under national agricultural policies, as well as by demographic shifts and changes in living conditions in countries worldwide. These factors can cause significant fluctuations in the prices of agricultural products and, therefore, may have a negative impact on the Group's activities, financial situation and results.

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

Postponement of the strategic projects. The Group currently is in a transition period and several key projects - related to the creation of biogas infrastructure, the development of specialised feed technologies, and regenerative crop rotation - are crucial for the implementation of the Group's long-term strategy. In conducting these projects, the Group faces the following risks: insufficient innovation or unsuitability for practical use or market acceptance, lack of skills in project management, and lack of human resources.

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

Increase in land leasing costs. AUGA group leases 87.4% of the farmland it uses. We believe that in the long-term, leasing land instead of owning it allows us to use the available resources more efficiently and ensures a higher return for shareholders. However, an increase in inflation in 2021-2022 has put upward pressure on lease prices.

Risk of disease. The Group's activities involve property of plant and animal origin. Diseases can have a direct impact on the Group's results, production quantity and quality, and write-offs. Bovine epidemic diseases (such as bovine spongiform encephalopathy, commonly known as mad cow disease) and other diseases, bacteria, etc., can reduce demand for products for fear of possible consequences. Such changes may worsen the Group's financial situation. This risk is particularly significant for the mushroom segment due to the high concentration of production capacity in one location.

Discrepancy between investment amounts and needs. AUGA group is in a transition period during which it needs to ensure the continuance of existing activities as well as the implementation of efficiency programmes and the Group's long-term strategy. Both areas require investments, the financing of which depends on the Group's results, the market situation, and other external factors.

Increase in production costs. Rising inflation causes the costs of the Group to grow. Fuel, wages, leasing of land and agricultural machinery are significant cost components in the Group's activities, so it is necessary to control cost growth and compensate for cost increases by increasing efficiency and sales prices.

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

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

2. RESULTS

2.1. Overall Performance

AUGA group, AB and its subsidiaries' financial results have improved in 2022 when compared to previous year. Rising prices have allowed to cover the increasing costs while more favourable weather conditions and Group's decisions have led to an improvement in yields.

Sales revenue of the Group amounted to EUR 80.09 million in the 12-month period of 2022. This marks a 12% increase on the equivalent period of the year before, when sales revenue was EUR 71.72 million. Revenue has increased in all the segments with the exception of the mushroom segment where revenue decreased by 2% compared to the previous year.

The Group's gross profit reached EUR 15.27 million in 2022 and was 286% higher compared to the same period last year (2021), when gross profit amounted to EUR 3.95 million. The Group's net loss accounted for EUR 5.35 million during the 12 months of 2022, compared to a loss of EUR 15.44 million a year earlier. The Group's EBITDA amounted to EUR 19.58 million in 2022, representing an increase of 115% compared to the previous year, when EBITDA was EUR 9.10 million.

In the table below the main financial figures of the Group are provided for the three-year period from 2020 to 2022 in th. EUR.

Main performance indicators of the Group	2022	2021	2020	Variance 2022/2021	Variance 2021/2020,
Revenues	80,088	71,721	83,073	+12%	-14%
Direct subsidies	12,711	12,858	9,987	-1%	+29%
Gross profit (loss)	15,270	3,952	15,773	+286%	-75%
Operating profit (loss)	3,099	(9,819)	6,896	n/a	n/a
Finance costs	(7,537)	(6,459)	(5,547)	+17%	+16%
Net profit (loss)	(5,351)	(15,435)	1,792	-65%	n/a
EBITDA	19,580	9,101	20,834	+115%	-56%
Net cash flow from operating activities	692	8,140	13,373	-92%	-18%
Net cash flow from operating activities before changes in working capital	9,348	11,979	10,814	-22%	+11%
Total non-current assets	161,285	155,330	147,590	+4%	+5%
Total current assets	70,133	57,149	66,112	+23%	-14%
Total equity	77,533	78,980	92,816	-2%	-15%
Total non-current liabilities	83,236	88,414	78,907	-6%	+12%
Total current liabilities	70,649	45,085	41,979	+57%	+7%
Non-current and current financial liabilities	117,027	102,984	94,541	+14%	+9%
Adjusted working capital	32,424	28,531	41,953	+14%	-32%
EBITDA margin, %	24.45	12.69	25.08	+93%	-49%
Operating margin, %	3.87	(13.69)	8.30	n/a	n/a
Net margin, %	(6.68)	(21.52)	2.16	-69%	n/a
ROE, %	(6.84)	(17.79)	1.96	-62%	n/a
ROA, %	(2.41)	(7.24)	0.85	-67%	n/a
ROCE, %	2.29	(7.15)	4.81	n/a	n/a
P/E ratio	(16.41)	(7.11)	56.35	+131%	n/a
Debt/EBITDA	5.98	11.32	4.54	-47%	+149%
Equity ratio	0.34	0.37	0.43	-9%	-15%
Current ratio	0.99	1.27	1.57	-22%	-20%

Ratio calculation explanation:

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

EBITDA margin = EBITDA / Revenues.

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

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

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

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

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

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

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

Equity ratio = Total equity / Total assets.

Current ratio = Total current assets / Total current liabilities.

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

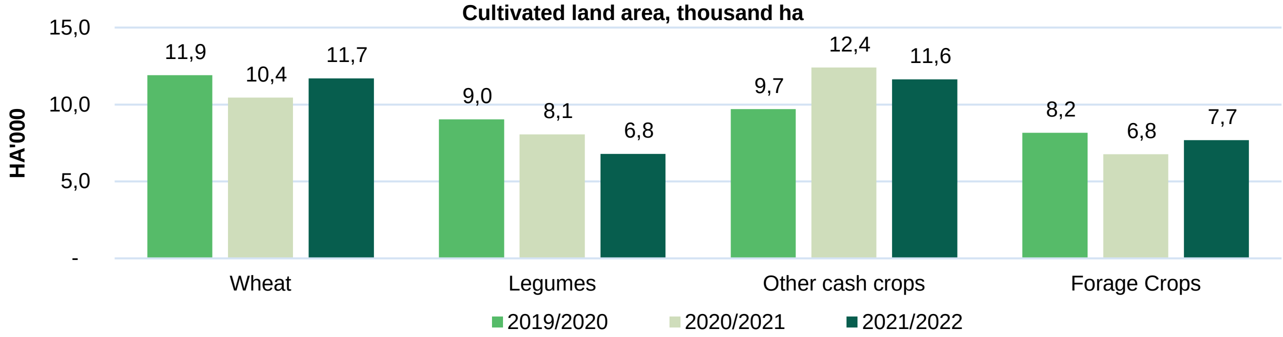
2.2. Business Segments

2.2.1. Crop Growing Segment Overview

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

Harvest in the season of 2021/2022

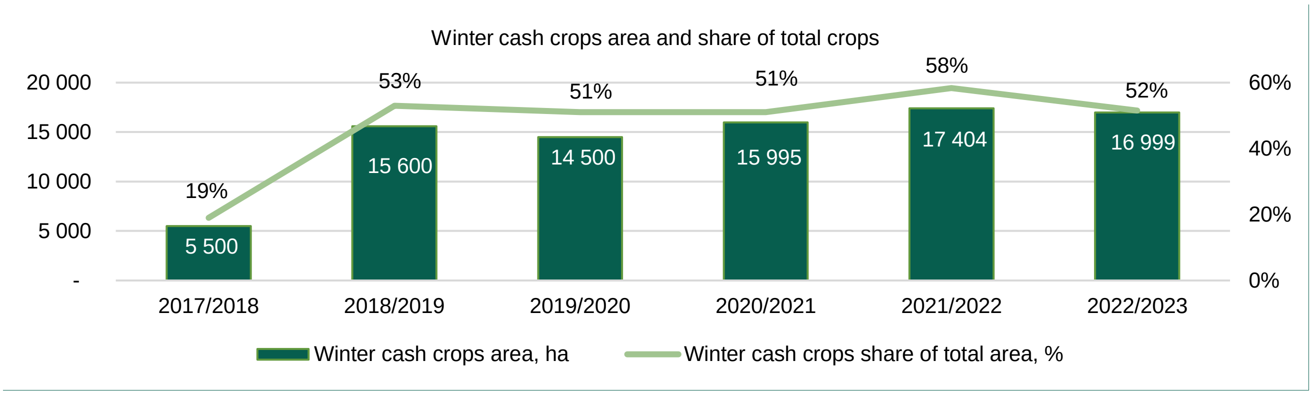
The total cultivated land area by the Group amounted to 38.5 thousand hectares (ha) in the 2021/2022 season and is slightly less than the cultivated area in the 2020/2021 season. In the 2021/2022 season, 30.1 thousand ha is seeded with crops (30.9 thousand in the 2020/2021 season) out of which 11.7 thousand ha is dedicated to wheat, 6.8 thousand ha to legumes and 11.6 thousand ha to other cash crops. The majority – 10.1 thousand ha out of total 11.7 thousand ha – of wheat will be winter wheat as winter crops usually have higher yield potential compared to summer alternatives. Forage crops comprise 7.7 thousand ha in the 2021/2022 season compared to 6.8 thousand ha in the 2020/2021 season.



As of 31 December 2022 the Group has fully completed the harvest of 2021/2022. The gain (loss) on revaluation of agricultural produce was calculated for crops (wheat, legumes and other cash crops) that were harvested by the end of the reporting period. Value of forage crops was based on actual costs.

Harvest of 2022/2023

At the end of each quarter the Group evaluates the fair value of crops which have not yet been harvested. The weather conditions during 2022 autumn were favourable for the preparatory work needed for 2022/2023 season. The sowing of winter crops and land tillage work were completed according to schedule. In 2022 there were 17 thous. ha dedicated to winter crops – wheat, rapeseed, clover, barley, rye and vicia – which will be harvested in 2023. This adds up to 52% of land that was sown with wheat, legumes and other cash crops for the 2022/2023 season. For comparison, in 2021/2022 season there was 17.4 thous. ha of winter crops sown. Winter crops are in good condition at the time reporting of financial statements. Based on the Group's judgement, the mild winter should not have an adverse effect on the upcoming harvest. Favorable conditions in autumn enabled the Group to complete all the necessary land tillage work and prepare the land for the 2023 spring sowing. The Group is well prepared for the 2022/2023 season and is optimistic with regards to the potential of the next year's harvest.



As of 31 December 2022 the group has evaluated the gain (loss) on revaluation of agricultural produce for crops that will be harvested in 2023. The calculation was based on the formula given below:

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

- Cost incurred is cost actually incurred for a particular crop as of 31 December 2022.
- Cultivated area in ha is the area of a particular crop seeded and expected to be harvested.
- Historical average yield tonnes per ha.
- Forecasted price per tonne. Contracted average sales prices are used for fair value estimation adjusted according to the development in the market.
- Forecasted total cost per ha. Average historical cost levels after evaluating the current situation.
- T is the portion of time that has already passed from sowing date until the forecasted harvest date expressed as a percentage. As of 31 December 2022, the average completion percentage estimated for next year's harvest crops was around 34%. (2021 – 37%)

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

It should be noted that the fair value of forage crop even at its point of harvest is measured 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.

Table below provides information on land plot of different crops in the seasons 2021/2022, 2020/2021 and 2019/2020. Land plot of wheat and legumes remained stable in the season of 2021/2022 compared to previous period and constituted 61% of all cash crops land plot compared to 60% in the previous season.

Harvested land plot by culture group, ha	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Wheat	11,693	10, 441	11 ,896	+12%	-12%
Legumes	6 ,785	8 ,056	9, 035	-16%	-11%
Other cash crops	11, 628	12, 397	9 ,664	-6%	+28%

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

Cost per 1 ha cultivated land, EUR/ha	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Wheat	1,033	786	818	+31%	-7%
Legumes	926	802	805	+15%	+2%
Other cash crops	1,237	1,085	1,139	+14%	-3%

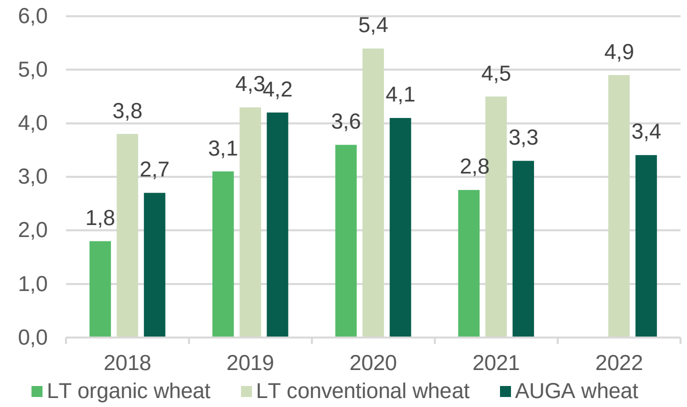
As seen from the data the average cost of wheat has increased by 38% when compared to the previous year. Cost of wheat has increased in 2022 due to increased land tillage costs and cost of organic fertilizers. While the cost of legumes has increased by 14% when compared to the previous year due to an increase in land tillage costs and seeds.

Table below depicts wheat, legume and other crop yields in the current and past two seasons. Wheat yield in 2022 was 3.41 t/ha which is 4% higher than wheat yield in the equivalent period last year. Legumes yield in 2022 increased by 113% compared to previous year from 1.09 t/ha to 2.32 t/ha. Yield of legumes differs significantly over last year due to the heatwave which occurred last summer and caused the decrease of yields. This year the yield of legumes was restored due to favourable weather conditions. However, these conditions were not as favorable to wheat due to the storms with strong winds that occurred in July and flattened part of wheat fields. Nevertheless, the achieved yield of wheat is only slightly better when compared to the 2020/2021 due to the poor yield of summer wheat.

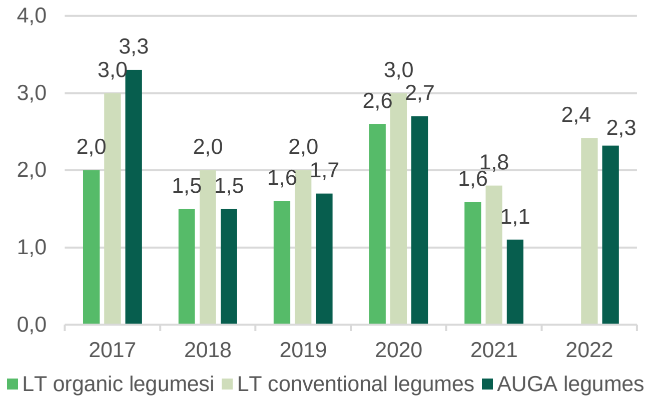
Average yield, t/ha	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Wheat	3.41	3.27	4.11	+4%	-20%
Legumes	2.32	1.09	2.70	+113%	-60%
Other cash crops	4.47	5.72	9.72	-22%	+18%

The Group has anticipated a higher yield this year. As can be seen from the table below, actual wheat yield was lower by 18%, while legumes yield was lower by 20% compared to expected yield at the beginning of the harvesting.

Average yield in the season of 2020/2021, t/ha	Forecasted result for the season of 2021/2022	Actual result for the season of 2021/2022	Variance
Wheat	4.14	3.41	-18%
Legumes	2.90	2.32	-20%
Other cash crops	6.96	4.47	-36%



Wheat yield in Lithuania, t/ha



Legumes yield in Lithuania, t/ha

NOTE: The data of LT organic farms for 2022 has not yet been published, the data of conventional farms in the LT is preliminary.
Reference: Lithuanian Statistics Department, data of the survey of the activities of Lithuanian agricultural producers included in the Farm Accountancy Data Network (FADN), the Group's data.

Table below depicts comparison of wheat, legumes and other crops prices at which the harvest was evaluated (at fair value) in the seasons of 2021/2022, 2020/2021 ir 2019/2020. It should be noted that at the time of the publication of the financial statements for the four quarters of 2022, significant part of the 2021/2022 season harvest has already been sold or contracted at fixed prices, therefore fair value of the crops was estimated based on average contract prices.

Average price of 1 tonne of crop, eliminating sales costs, EUR/t	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Wheat	403	240	208	+68%	+15%
Legumes	576	347	354	+66%	-2%
Other cash crops	246	189	174	+30%	+9%

As can be seen from the data above, the price of 1 tonne of wheat in the season of 2021/2022 increased by 68% compared to previous season. The main causes of the increase are growing prices of raw materials, rising energy costs and uncertainty caused by the geopolitical situation in the world.

Table below provide a comparison of gain (loss) per hectare for wheat and legumes.

Gain (loss) on revaluation of agricultural produce at point of harvest, EUR/ha	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Wheat	341	2	35	+16 950%	-94%
Legumes	458	(422)	148	n/a	n/a
Other cash crops	(137)	(10)	550	-1 270%	n/a

Average gain per 1 hectare from wheat has increased significantly in the season of 2021/2022 compared to the previous season which resulted in losses due to the heatwaves. On the other hand, the weather conditions this year were favourable and allowed the Group to improve its harvest. Increase in costs was compensated with growing prices. The result of legumes was also significantly lower last season when compared to this year. The improved result of legumes is a consequence of a better harvest – the yield of legumes in the 2021/2022 season more than doubled when compared to the previous season.

Forage crops results	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,

Cost per 1 ha cultivated land, EUR/ha	767	826	767	-7%	+8%
Average yield, t/ha	6.83	7.57	7.39	-10%	+2%

As of 31 December 2022, the Group recognized a EUR 5.16 million gain on the initial recognition of biological assets at fair value. It should be noted that as of 31 December 2021 Group has already recognised a gain of EUR 2.33 million on the initial recognition of biological assets at fair value for the 2021/2022 season's crops. Group has also calculated a EUR 1.97 million gain on the initial recognition of biological assets at fair value. Therefore, the total gain on revaluation of biological assets at fair value for the year 2022 is EUR 4.80 million.

Crops value, EUR million	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Gain (loss) on revaluation of biological assets at fair value (harvest of the 2021/2022 season)	2.83	(5.51)	5.67	n/a	n/a
Gain (loss) on revaluation of biological assets at fair value recognized in next period (harvest of 2022/2023 season)	1.97	2.33	2.02	-15%	+15%
Total gain (loss) on revaluation of biological assets at fair value	**4.80**	**(3.18)**	**7.69**	**n/a**	**n/a**

Crop growing segment sales results

Total revenue generated from sales in the crop growing segment amounted to EUR 27.58 million in 2022, which marks an increase of EUR 4.02 million in revenue compared to 2021.

Crop growing segment results, EUR million	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Sales revenue	27.58	23.56	35.25	+17%	-33%
Cost of sales	(27.71)	(25.15)	(36.12)	+10%	-30%
Inventory write-offs	(1.26)	(4.05)	(1.39)	-69%	+191%
Result of internal transactions	(0.68)	n/a	n/a	n/a	n/a
Result of sales of agricultural produce	**(2.01)**	**(5.64)**	**(2.26)**	**-64%**	**-112%**

The crop growing segment's cost of sales for the 12 months of 2022 amounted to EUR 27.56 million, 10% more compared to last year. In order to assess the results of each segment more precisely, the transactions between segments are executed based on fixed pricing, thus, starting from 2022 such transactions are presented separately and amounted to a EUR 0.68 million loss to the crop growing segment in the I-IV quarters of 2022.

Agricultural subsidies and gross profit of the crop growing segment

Total amount of agricultural subsidies accrued in 12 months of 2022 was EUR 9.89 million which is similar to the subsidies accrued in the same period in 2021. Accrued subsidies amount is based on calculations according to currently applicable requirements of subsidising programmes regulations.

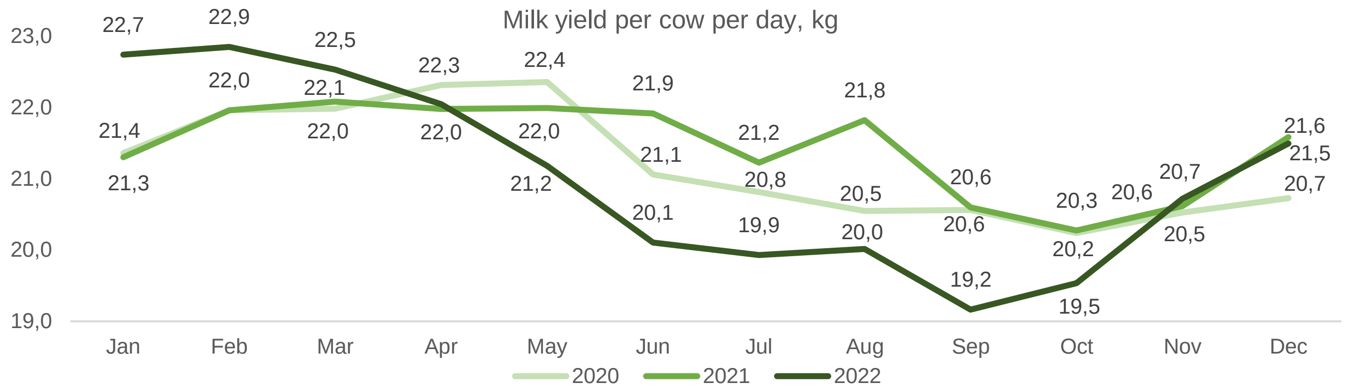
The gross profit of the crop growing segment, encompassing the results of agricultural produce sales, gain (loss) on changes in fair value of biological assets and agricultural subsidies, has improved in 2022 when compared to last year due to the increased gain on revaluation of biological assets at fair value and improving result of sales of agricultural produce.

Gross profit of crop growing segment, EUR million	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Gain (loss) on revaluation of biological assets at fair value recognised in reporting period	4.80	(3.18)	7.69	n/a	n/a
Result of sales of agricultural produce	(2.01)	(5.64)	(2.26)	-64%	+112%
Subsidies	9.89	9.69	7.45	+2%	+30%
Gross profit	**12.68**	**0.89**	**12.88**	**+1 325%**	**-93%**

2.2.2. Dairy Segment Overview

The result of the dairy segment in the I-IV quarters of 2022 has improved compared to the same period last year. Rising production prices had the largest effect. Compared to last year the total sales revenue of the dairy segment grew by 21% and reached EUR 16.5 million, while gross profit grew by 202% and reached EUR 2.57 million.

Although the number of milked cows changed slightly throughout the year (3,577 as of December 31, 2021, and 3,457 as of December 31, 2022), the amount of sold production decreased by 2% in 2022. The average milk yield, compared to previous year, decreased due to a changed feed ration for cows: due to the poor 2020/2021 season of leguminous crops (protein feed), there was a shortage of feed ingredients, and the quality of feed was affected. With the use of 2021/2022 season crops, the quality of feed and milk yield returned to the level of 2021.



In the 12 months of 2022 the average price of milk sold was around EUR 532 per tonne and 28% higher comparing to the same period last year when it was EUR 416 per tonne.

The dairy segment's cost of sales amounted to EUR 14.91 million during the 12 months of 2022 which is 13% more than in the same period last year.

A loss of EUR 2.09 million was incurred due to the revaluation of biological assets (animal herd) in 2022. In comparison, the loss due to the revaluation of biological assets (animal herd) was 25% higher last year.

In 2022, the Group has recorded a EUR 2.57 million gross profit which marks a threefold increase when compared to the last year.

	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Total quantity of products sold, t	**26,594**	**27,053**	**26,799**	**-2%**	**+1%**
Milk, t	25,334	25,685	25,384	-1%	+1%
Dairy commodities, t	457	624	714	-27%	-13%
Cattle, t	803	743	700	+8%	+6%
Revenue, EUR million	**16.50**	**13.61**	**12.95**	**+21%**	**+5%**
Milk, EUR million	13.48	10.69	10.07	+26%	+6%
Dairy commodities, EUR million	1.71	2.02	2.13	-15%	-5%
Cattle, EUR million	1.31	0.90	0.75	+46%	+20%
Cost of sales, EUR million	**14.91**	**13.15**	**12.56**	**+13%**	**+5%**
Milk, EUR million	11.94	10.36	9.75	+15%	+6%
Dairy commodities, EUR million	1.66	1.89	2.07	-12%	-9%
Cattle, EUR million	1.31	0.90	0.75	+46%	+20%
Revaluation of biological assets, EUR million	**(2.09)**	**(2.77)**	**(2.52)**	**-25%**	**-10%**

Subsidies, EUR million	**3.07**	**3.17**	**2.53**	**-3%**	**+25%**
Gross profit, EUR million	**2.57**	**0.85**	**0.40**	**202%**	**+113%**

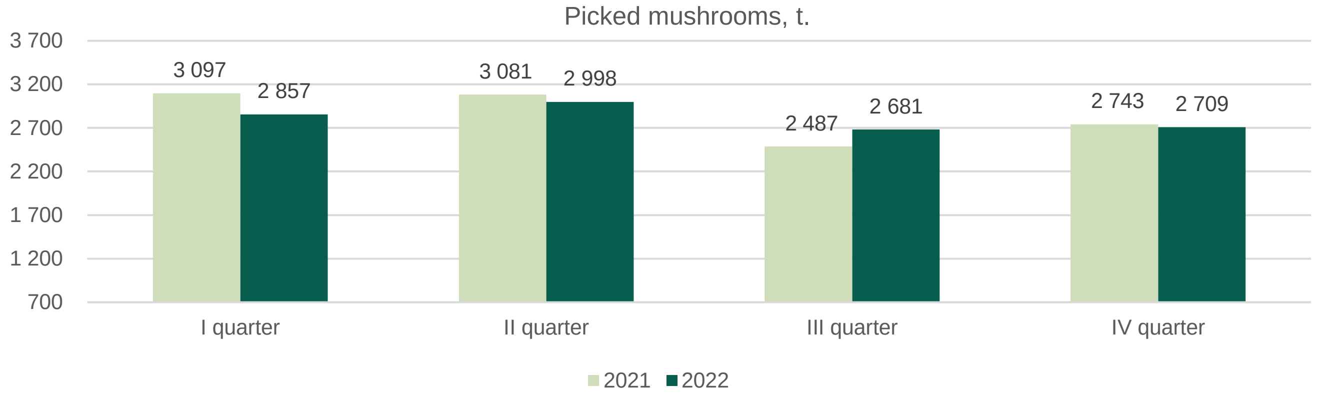
2.2.3. Mushrooms Segment Overview

Sales revenues in the mushroom growing segment amounted to EUR 27.90 million in 2022 which marks a decrease of 2% compared to the same period last year. Segment's gross loss accounted to EUR 1.40 million.

The main factor of the negative segment's result was soaring energy and other costs. The total cost of sales of the mushroom growing segment amounted to EUR 29.30 million in the 12-month period of 2022 and was EUR 1.61 million higher compared to the same period in 2021. Cost of mushrooms mainly has shifted upwards due to growing energy and transportation costs that showed an increase of 65% (EUR 2.30 million) when compared to the corresponding period last year. The average cost of 1 tonne of mushrooms sold increased from 2,294 EUR/tonne to 2,519 EUR/tonne

Sales price was increased in order to compensate the growth of costs. In the 12-month period of 2022, the average non-organic and organic mushrooms sales price per tonne, which was equal to EUR 2,384, has increased only by 3% when compared to the equivalent period in 2021. However, excluding transport and taking into account the difference in the product basket the price of mushrooms, in the 4th quarter of 2022 was 16% higher than in the 1st quarter of 2022. The ratio of organic mushrooms sold has increased and reached 7.4% during the 4 quarters of 2022. The same ratio last year was equal to 5.7%.

The production volume was not optimal due to savings of energy resources and challenges in production processes. In 2022, 11 thous. tonnes of mushrooms were produced, which is 1% less than in 2021.



As a result, the gross result of the segment was negative and for the 12-month period of 2022 amounted to a loss of EUR 1.40 million. Nonetheless, since the energy costs have decreased and stabilised, also, the prices of mushrooms were increased, which resulted in a positive outcome in the 4th quarter of 2022. The gross profit in the last quarter was EUR 78 thousand. When higher production capacities will be reached the Group expects to improve the result of the segment even further.

	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Sold mushrooms, t	**11,552**	**12,002**	**12,906**	**-4%**	**-7%**
Average price (Eur/t)	2,384	2,323	2,199	+3%	+6%
Total revenue, EUR million	**27.90**	**28.36**	**30.00**	**-2%**	**-5%**
Mushroom sales revenue, EUR million	27.54	27.89	28.38	-1%	-2%
Compost sales revenue, EUR million	0.36	0.47	1.62	-23%	-71%
Cost of sale, EUR million	**(29.30)**	**(27.69)**	**(28.25)**	**+6%**	**-2%**
Cost of mushrooms sold, EUR million	(28.94)	(27.45)	(26.89)	+5%	+2%
Cost of compost sold, EUR million	(0.36)	(0.24)	(1.36)	+50%	-82%
Gross profit, EUR million	**(1.40)**	**0.67**	**1.75**	**n/a**	**-62%**

2.2.4. Fast-moving Consumer Goods (FMCG) Segment

As previously announced, the first half of the year was not very successful for this segment due to various global events. However, the positive breakthrough that occurred in the third quarter carried into the final quarter, with sales returning to target levels and reaching EUR 8.12 million by the end of 2022, an increase of 31% from 2021.

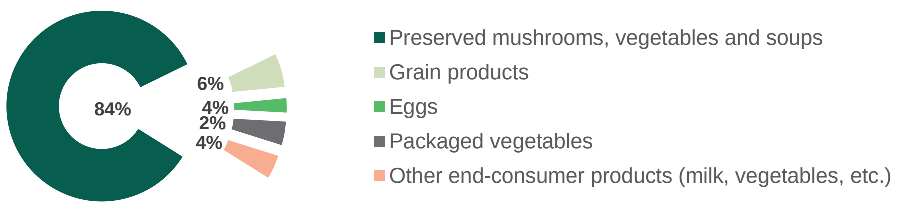
In 2022, the segment's gross profit increased to EUR 1.74 million, up from EUR 1.54 million in 2021.The Group had targeted even better results, but there was a delay in price increases associated with rising production costs and in the launch of new products on the market, which prevented the targets from being achieved in 2022, yet the changes already in progress are bound to have a positive impact on the 2023 results.

FMCG segment results, EUR million	12-month of 2022	12-month of 2021	12-month of 2020	Variance 2022/2021	Variance 2021/2020,
Sales revenue	8.12	6.19	4.88	+31%	+27%
Cost of goods sold	(6.38)	(4.66)	(4.13)	+37%	+13%
Gross profit	**1.74**	**1.54**	**0.75**	**+13%**	**+105%**

During the 12-month period of 2022 the Group has exported its products to 33 countries compared to 36 countries in the same period in 2021.

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

Revenue structure of the fast moving consumer goods sales, %



2.3. Selling and Administrative Expenses

The Group's selling and administrative expenses during the 12-month period of 2022 amounted to EUR 12.77 million compared to EUR 11.73 million in the same period last year. The increase is mainly due to increased salaries and social security contributions, transportation, marketing, advertising and intermediation expenses.

2.4. Capital Expenditures and R&D

Total investments (additions) into property, plant and equipment amounted to EUR 7.19 million in 2022 (2021 - EUR 10.05 million). The split of investments (additions) into property, plant and equipment is provided in the table below.

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

	Land*	Buildings*	Constructions and machinery	Vehicles, equipment and other	Construction in progress	Total
2022	436	265	1,932	285	4,271	**7,189**
2021	1,182	493	4,397	1,116	2,863	**10,051**

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

Even though investments in long-term assets decreased in 2022, but the Group continues to implement planned technological projects. The Group introduced the first biomethane and electricity powered tractor from its first production batch at the beginning of February 2023. Tractors from the first production batch are going to work in the fields in the spring of 2023. In early 2023, the first biomethane infrastructure projects will be completed and biomethane production will begin. Two more biomethane power plants are going to be launched by the third quarter of 2023. The development and testing of specialized feed technology also continues.

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

2.5. Finance Costs and Financial Liabilities

The Group's interest bearing debt increased and reached EUR 74.19 million as of 31 December 2022. Finance costs (excl. IFRS 16 effect) have shifted from EUR 3.89 million in 2021 to EUR 4.82 million in 2022:

	2022	2021	2020	Variance 2022/2021	Variance 2021/2020,
Current and non-current financial liabilities, EUR thousand	117,027	102,985	94,541	+14%	+9%
Current and non-current financial liabilities (excl. IFRS 16 effect), EUR thousand	74,189	63,871	59,915	+16%	+7%
Cash and cash equivalents, EUR thousand	3,337	2,446	2,541	+36%	-4%

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

Management of the Group believes that another important factor evaluating financial liabilities level of the Group is net debt adjusted by working capital level. Deducting cash and cash equivalents and adjusted working capital from the level of financial liabilities more clearly indicates the financial liabilities that are not covered by working capital and cash operated by the Group.

As of 31 December 2022 the Group's adjusted working capital was EUR 32.42 million compared to EUR 28.53 million on 31 December 2021. Financial liabilities (excl. IFRS 16 effect) of the Group minus cash and cash equivalents minus adjusted working capital as of 31 December 2022 were EUR 38.43 million or EUR 5.53 million higher than at the end of 2021.

	2022	2021	2020	Variance 2022/2021	Variance 2021/2020,
Adjusted working capital, EUR thousand	32,424	28,531	41,953	+14%	-32%
Net debt – adjusted working capital*, EUR thousand	38,428	32,894	15,421	+17%	+113%

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

This year the difference between net debt and adjusted working capital grew due to the Group's poor financial results in 2021. Significant increase of costs in 2022 required additional working capital, part of which was financed by loans.

2.6. Cash Flow

Rising costs, higher harvest and its sales terms resulted in net cash flows from operating activities for the Group decreasing to 0.69 million euros in 2022. Net cash flows from operating activities amounted to 8.14 million euros in 2021.

	2022	2021	2020	Variance 2022/2021	Variance 2021/2020,
Net cash flows from /(to) operating activities, EUR million	0.69	8.14	13.37	-92%	-39%
Net cash flows from /(to) investing activities EUR million	(5.40)	(5.89)	(7.23)	-8%	-19%
Net cash flows from /(to) financing activities, EUR million	5.60	(2.35)	(7.34)	n/a	-68%

2.7. Information on Shares and Bonds

2.7.1. Shares

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

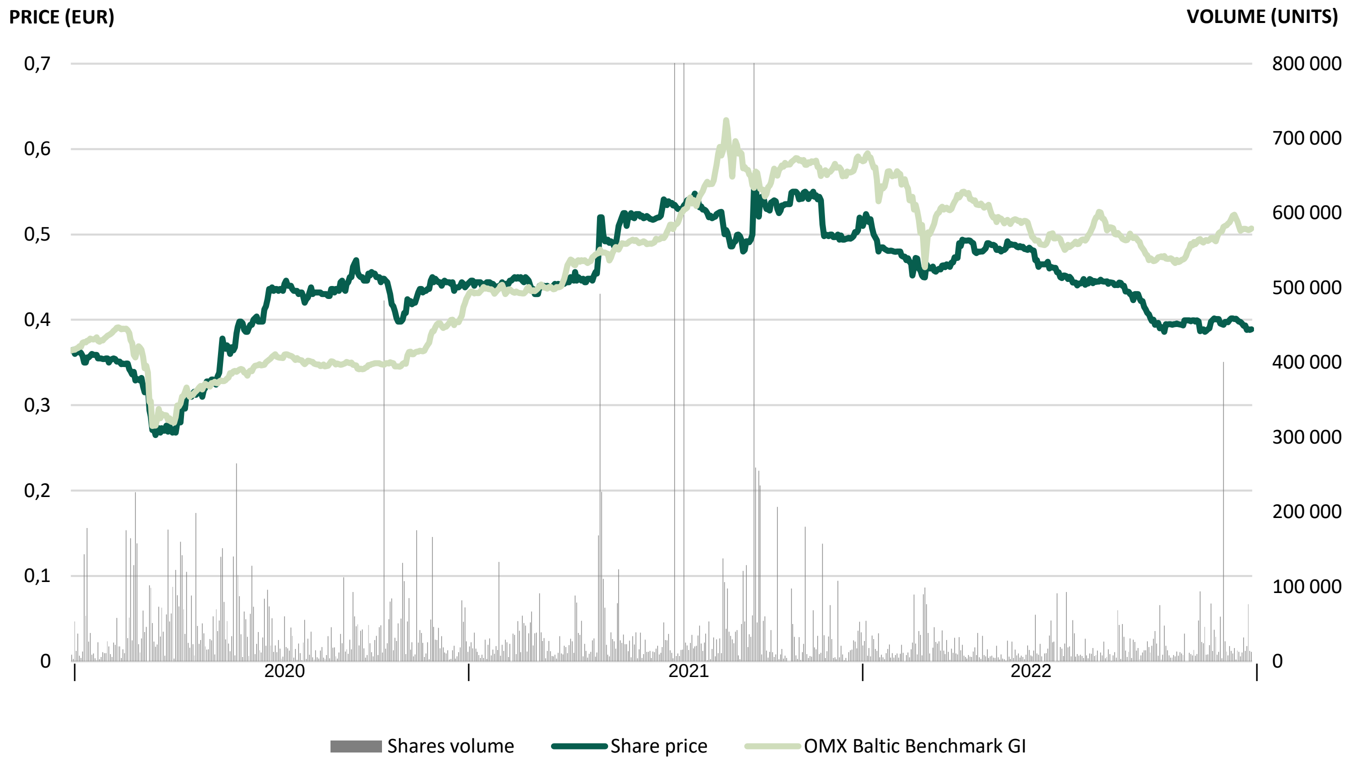
Type of shares	Number of shares	Share nominal value (in EUR)	Total share capital (in EUR)	Issue Code ISIN
Ordinary registered shares	229,714,102	0.29	66,617,090	LT0000127466

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

Reporting period	Price, EUR					Total turnover	
	Average	Open	Max	Min	Last	Units	EUR
2022 I-IV quarters	0.439	0.498	0.524	0.378	0.389	5,226,074	2,294,852

From 1 January 2022 to 31 December 2022 the share price has decreased by 22.66%. The OMX Baltic Benchmark index decreased by 12.55% during the respective period.

AUGA group, AB share price, turnover and changes of OMX Baltic Benchmark index from 1 January 2020 to 31 December 2022:



Source: NASDAQ Vilnius stock exchange

2.7.2. Bonds

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

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

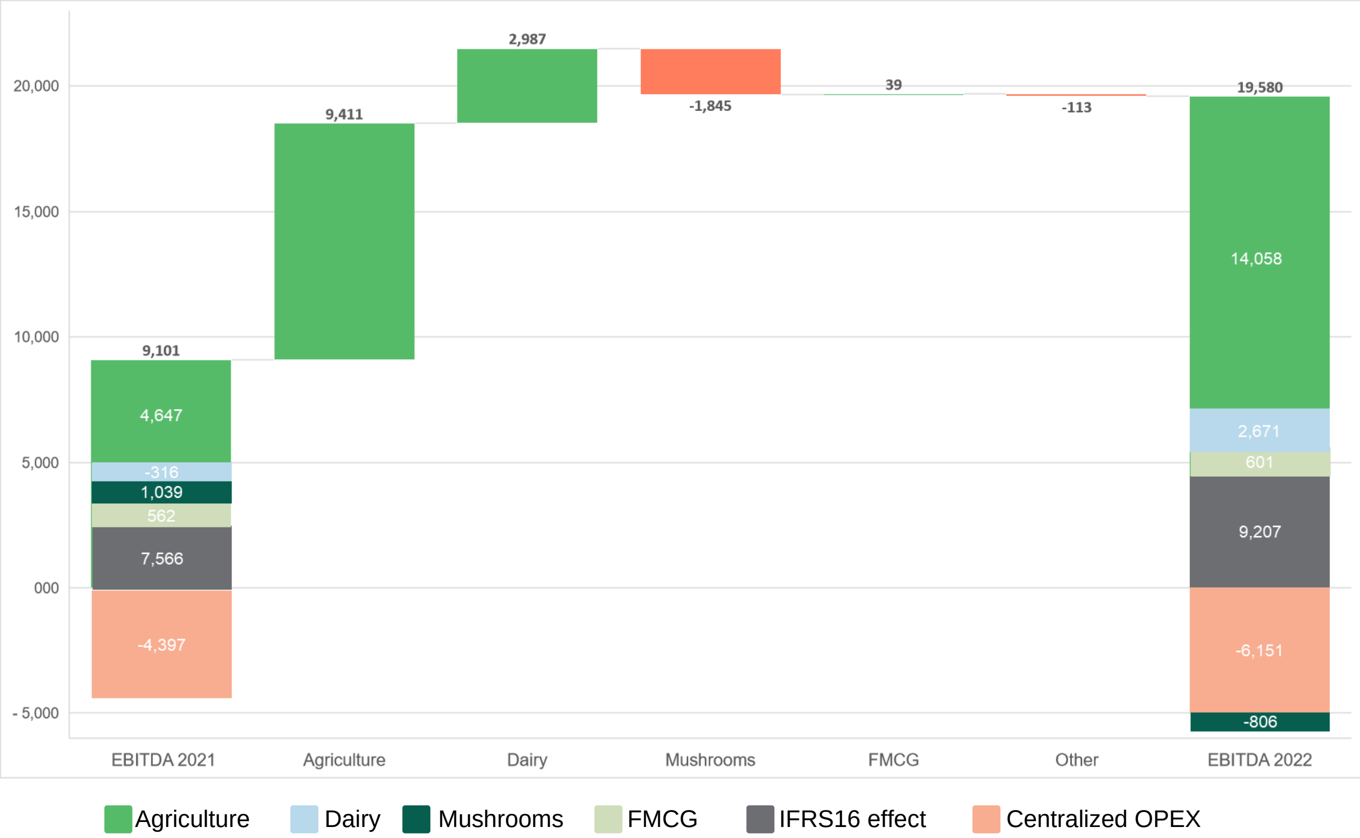
Green bond details	
Issuer	AUGA group, AB
ISIN code	LT0000404238
Listing	Nasdaq Vilnius
Denomination	EUR 1,000
Issue size	EUR 20,000,000
Tenor	2019-2024
Maturity date	17.12.2024
Fixed coupon rate	6% (By decision of the Company, the coupon rate is calculated by applying the act/360 convention)

Bonds' trading annual turnover was EUR 0.71 million in 2022.

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

2.8. Summary of 2022 Results and Outlook into 2023

The Group's financial results have improved significantly in 2022. Agriculture segment had the biggest impact:



In 2022, the results of the crop growing segment significantly improved. Timely and proper seeding, favorable weather conditions during the winter season create positive expectations for the 2023 harvest, but there is uncertainty in the markets regarding the level of new harvest prices.

Despite the decrease in production volumes, 2022 was a successful year for the dairy segment. Price correction will have a negative impact on the segment's results in 2023, but the Group expects that this will be partly offset by increased yields.

Increased costs led to poor mushroom growing segment results in 2022. With energy costs decreasing and stabilizing, and production prices increasing, a positive result was already recorded in Q4 2022. The Group believes that higher production volumes will be achieved in 2023, maintaining the current cost/price level, which will allow significantly improve segment results.

The fast moving consumer goods segment maintained its growth trend. The Group expects similar sales growth to be achieved in 2023. Growing activities, better utilisation of production capacity, price review and introduction of new products should have a positive impact on segment's profitability growth.

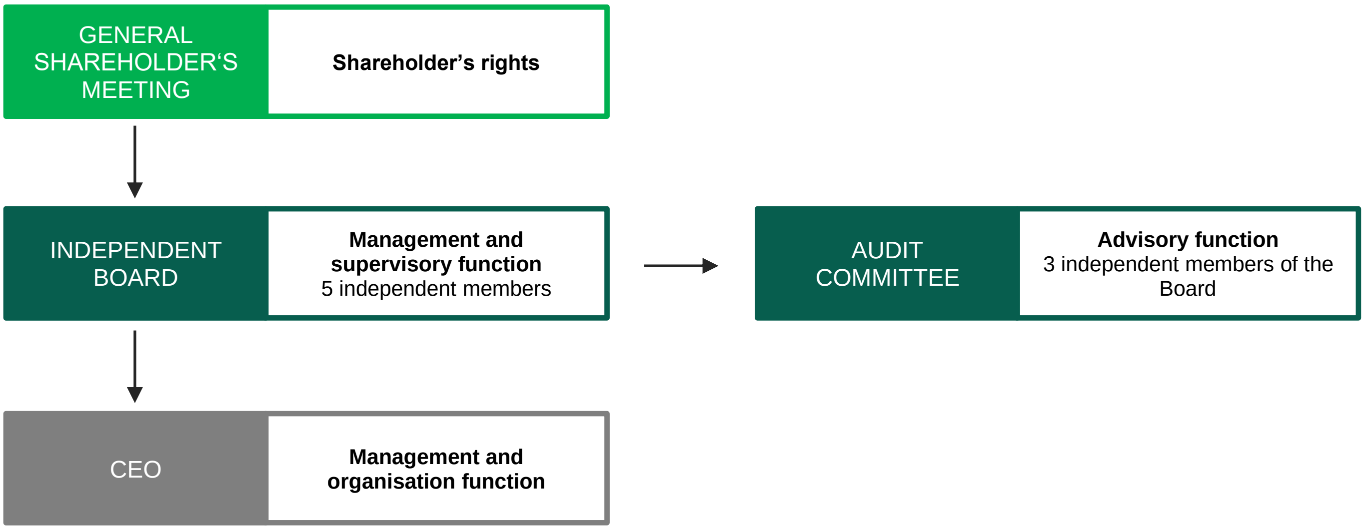
2022 was a successful year in terms of developing and implementing new technologies which will contribute to the achievement of the Group's Strategy. Successive creation of novel methodologies in the agricultural business, their implementation in actual operations and readiness to further develop such technological solutions will be the Group's top priority in 2023.

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

3. GOVERNANCE REPORT

3.1. Governance Model

The current corporate governance structure was introduced in 2019, when the Company changed to a one tier board structure instead of a two-tier structure, with the management board taking over the functions of previous supervisory council.
Three are three corporate bodies in the Company: the general shareholders' meeting, the independent board (hereinafter – the Board), the Chief Executive Officer (CEO), and an advisory body – the audit committee.



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

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

The Company does not have an approved diversity policy for the election of the Company's CEO or members of the Board, but the Company has a Human Rights, Non-Discrimination, Child and Forced Labour Policy, which applies to the election of the Company's CEO or members of the Board. The Company's Board is elected taking into account their competences, which would be applicable in the implementation of strategic projects of the entire Group and would cover important areas, such as, for example, the implementation of sustainability, relations with investors, product development and so on. Also, one independent member of the Board is delegated by the second largest shareholder - the European Bank for Reconstruction and Development. This practice will continue to be followed in the future while electing a new composition of the Board.

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

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

The Board also appoints, removes, and supervises the activities of the Company's CEO, who is in charge of Group's management and organisation of activities. The Board approves the Sustainability Report of AUGA group, provides comments and insights during the process of its preparation.

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

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

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GRI 2-11 | GRI 2-12 | GRI 2-13 | GRI 2-14 | GRI 2-18

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

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

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

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GRI 2-12 GRI 2-11
GRI 2-18 GRI 2-13

3.2. Share Capital Structure and Shareholders

The share capital of AUGA group, AB as of 31 December 2022 was EUR 66.62 million (EUR 65.95 million on 31 December 2021). The Company's authorized capital consists of 229,714,102 ordinary registered shares (227,416,252 ordinary registered shares on 31 December 2021). Each issued share has a EUR 0.29 nominal value and is fully paid.

The increase in the number of shares and authorised capital was a result of implementation (realisation) of the first share option contracts in June 2022, which were signed in 2019 under the employee share option programme.

Total number of shareholders on 31 December 2022 increased by 17.64% and was 2,974, while on 31 December 2021 this figure was 2,528.

Shareholders, who held more than 5% of all shares of the Company:

Shareholder's name	31 December 2022		31 December 2021	
	Number of shares	% owned	Number of shares	% owned
UAB Baltic Champs Group (identification code: 145798333; address: Poviliškiai v., Šiauliai region mun., Lithuania)	126,686,760	55.15	126,686,760	55.71
European Bank for Reconstruction and Development (identification code: EBRDGB2LXXXX; address: One Exchange Square, London EC2A 2JN, United Kingdom)	19,810,636	8.62	19,810,636	8.71
Žilvinas Marcinkevičius	15,919,138	6.93	15,919,138	7.00
Minority shareholders	67,297,568	29.30	64,999,718	28.58
Total:	**229,714,102**	**100.00**	**227,416,252**	**100.00**

Shareholders distribution by country and by type is as follows:

Country	Type	Owned shares in the Company, units	Owned shares in the Company, %
Lithuania	Legal entities	168,715,754	73.45%
	Natural persons	26,429,413	11.51%
Other countries	Legal entities	31,251,494	13.60%
	Natural persons	3,317,441	1.44%
Total:	**Legal entities**	**199,967,248**	**87.05%**
	Natural persons	**29,746,854**	**12.95%**

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

On 31 December 2022, the following part of the shares was managed by the Company's management and the members of the Board:

Name, surname	Position	Owned shares in the Company, units	Owned shares in the Company, %
Kęstutis Juščius*	CEO	1,392	0.0006
Tomas Krakauskas	Member of the Board	119,000	0.0518
Mindaugas Ambrasas	CFO	6,881	0.0030

*Kęstutis Juščius, CEO, is the ultimate owner of Baltic Champs Group, UAB, which controls 55.15% of the Company‘s shares.

3.2.1. Information on Own Shares

The Company has not acquired any of its own shares.

3.2.2. Share Transfer Restrictions

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

The Company was advised of the following contractual share transfer restrictions by one of the main shareholders of the Company: Baltic Champs Group, UAB agreed on certain restrictions with its financing bank in respect of the financing provided by it, and AS LHV Pank, 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.

3.2.3. Information on Significant Agreements, Which Could be Affected by the Change in Shareholders Structure

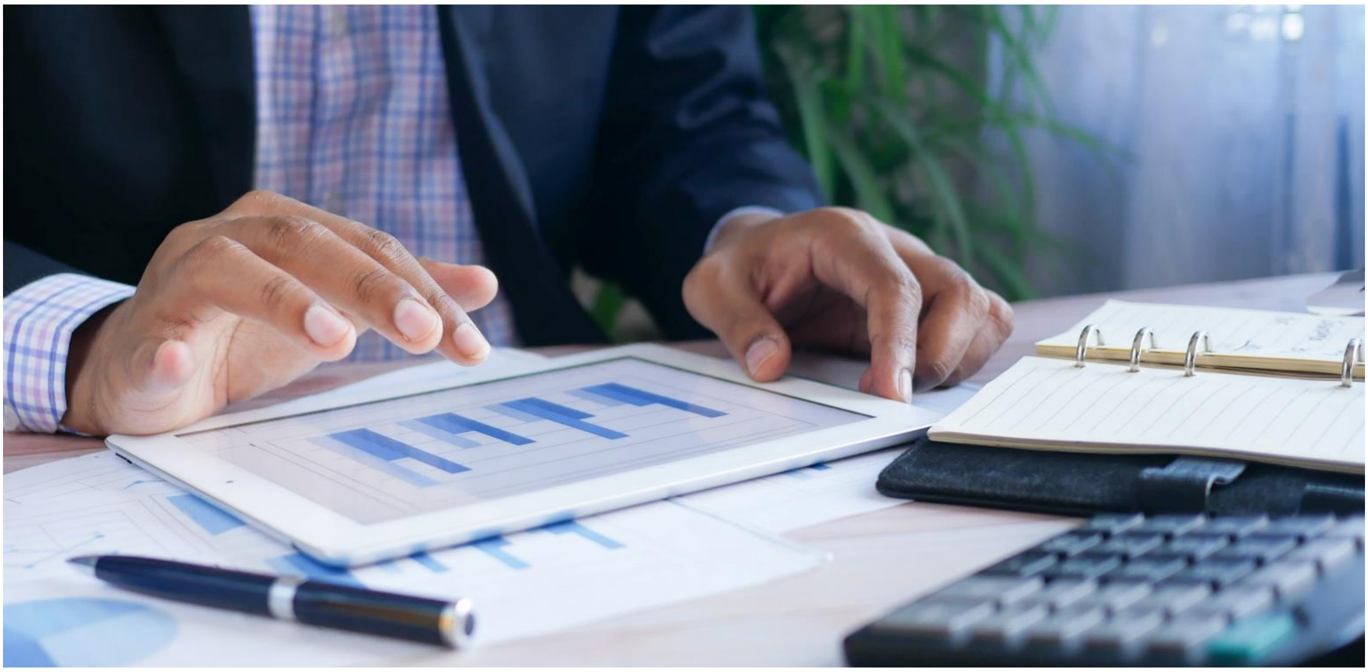
Bank loans and financial lease agreements of Group companies, including the Company, have a change of control clause at the Group level which is standard practice for such agreements. The Company or the Group has not entered into any other significant agreements whose validity, amendment and termination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

3.2.4. Agreements Between the Shareholders

According to 31 December 2022 data it is not known, or the Company has not been informed about any agreements between shareholders. The company, its main shareholder Baltic Champs Group, UAB, Kęstutis Juščius and the European Bank for Reconstruction and Development (EBRD) on 19 July 2018 entered into an agreement on the basis of which Baltic Champs Group, UAB undertook to vote for the candidate nominated by the EBRD as a member of the Board, as long as the EBRD controls at least 3% of the Company's shares. The Company also undertook to comply with certain environmental protection, social compliance, corporate governance recommendations and requirements. Considering this, this agreement by its nature cannot be considered as a shareholder's agreement.

3.2.5. Investor Relations

Stakeholder engagement is one of AUGA group's top priorities in implementing sustainable management practices. The Group aims to ensure that investors are regularly informed about the Group's activities and results, thereby creating an open and reliable relationship with one of the most important groups of stakeholders of AUGA group. The Group publishes all relevant information: analyst assessments, quarterly reports, videos of remote conferences, presentations and performance results in Excel format on its website, in the investor newsletter, on the Nasdaq Baltic website. As before, and in 2022, the Group's activities were assessed by international analyst companies: WOOD & Company, Enlight Research and LHV bank. In 2022, AUGA group organised 4 events for local and international investors, published 12 informative newsletters. The Group actively communicated its activities by also using mass media.



3.3. The Board and its Committees

The Articles provide that at least 1/3 of the Board members must be independent. In 2019, the general shareholders' meeting approved independency criteria for members of the Company's collegiate bodies, which comply with the independency criteria established by the Law on Companies of Republic of Lithuania, ensuring, that to be independent, a member must not be related with the Company and/or its controlling shareholder[1]. Separation of powers is clearly defined in the management model of AUGA group, therefore the CEO of the Company, according to the current procedure of the Company, cannot be a member of the independent Board and is directly subordinate to this management body.

All members of the Board (100%) are considered to be independent based on legal acts and self-assessment conducted at the Board meeting in May 2022. None of the members of the Board hold any other positions in AUGA group companies. 80% of the Board members are men. Information about the members of the Company as of 31 December 2022:

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

* Board member Murray Steele was nominated by a shareholder, the European Bank for Reconstruction and Development (EBRD), which owns 8.62% of the Company's shares, and receives additional remuneration from the EBRD for the performance of the functions of a Board member, however, (i) the EBRD is not a controlling shareholder; and (ii) Murray Steele has assured the Board that he is acting in his discretion as an independent member of the Board and therefore is considered as an independent member of the Board.

The current Board's tenure is until the annual general meeting of shareholders of the Company, which will take place in 2023.

During 2022, 11 ordinary Board meetings were held. At all meetings there was a quorum in accordance with legislation and the articles of association of the Company. During 2022 Andrej Cyba, Dalius Misiūnas, Murray Steele and Michaela Tod participated in all 11 Board meetings and Tomas Krakauskas participated in 10 Board meetings.

3.3.1. Members of the Board

Andrej Cyba

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree.
Activity: Member of the Board of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).
Miscellaneous: Chief Business Development Officer of "INVL Asset Management", UAB (legal form: Private limited company, code 126263073, registered address: Gynėjų str. 14, Vilnius, Lithuania) (2016 – present); Chairman of the Board of "INVL Finasta", UAB FMĮ (legal form: Private limited company, code: 304049332, registered address: Gynėjų str. 14, Vilnius, Lithuania) (2016 – present); Chairman of Supervisory Board of IPAS "INVL Asset Management" (legal form: Private limited company, code: 40003605043, registered address: Smilšu 7-1, Riga, Latvia) (2016 – present); Chairman of the Supervisory Board of "INVL ATKLĀTAIS PENSIJU FONDS", AS (legal form: Public limited company, code: 40003377918, registered address: Smilšu 7-1, Riga, Latvia) (2016 - present); Board Member of "Vilkyškių pieninė", AB (legal form: Public limited company, code: 277160980, registered address: Prano Lukošaičio str. 14, Vilkyškiai, Pagėgiai district municipality, Lithuania) (2008 - present); CEO of "Piola", UAB (legal form: Private limited company, code: 120974916, registered address: Mindaugo str. 16-52, Vilnius, Lithuania) (2009 – present); CEO of "PEF GP1", UAB (legal form: Private limited company, code: 302582709, registered address: Maironio str. 11, Vilnius, Lithuania) (2012 – present); CEO of UAB "PEF GP2", UAB (legal form: Private limited company, code: 302582716, registered address: Maironio str. 11, Vilnius, Lithuania) (2012 – present); Chairman of the Board of "VOKĖ-III", UAB (legal form: Limited liability company, code: 120959622, registered address: Piliakalnio str. 70, Nemenčinė, Lithuania) (2020 – present); Board Member of SIA "Baltic Dairy Board"

[1] The criteria for the independence of the Board members are established in Article 33, Part 7 of the Law on Joint Stock Companies of the Republic of Lithuania; the independence criteria of the company's Board members, approved by 2019 general shareholders meeting, are available at: https://view.news.eu.nasdaq.com/view?id=b4abd5530afde9ed9b2bf89f38ec3ef91&lang=en

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(legal form: Private limited company, code: 43603036823, registered address: Stacijas 1, Bauska, Latvia) (2021 – present); CEO of “LAMA Capital”, UAB (legal form: Limited liability company, code: 306178639, registered address: Šaltinių str. 24-10, Vilnius, Lithuania) (2022 – present).

Tomas Krakauskas

Education, qualification: Vilnius University, Management and Business Administration, Bachelor degree; ISM University of Management and Economics, ISM executive school, Master’s degree.
Activity: Member of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).
Miscellaneous: Chief investment Officer of UAB “ME investicija“ (legal form: Private limited company, code: 302489393, registered address Račių str. 1, Vilnius, Lithuania) (2016 – present); Member of the Board of “SIRIN Development” (legal form: Limited liability company, code: 300570900, registered address: A. Vivulskio str. 7-1, Vilnius, Lithuania (2022 – present); Member of the Board of “Vilnius University foundation“ (legal form: Support Fund, code: 304222713, registered address: Universiteto str. 3, Vilnius, Lithuania) (2022 – present).

Dalius Misiūnas (chairman)

Education, qualification: Kaunas University of Technology, Electrical Engineering, Bachelor’s degree; Lund University (Sweden), PhD in Technology Science; Baltic Institute of Corporate Governance, Professional Board member certificate; Baltic Institute of Corporate Governance, Chairman of the Board certificate.
Activity: Chairman of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).
Miscellaneous: President at ISM University of Management and Economics (legal form: Private limited company, code: 111963319, registered address Aušros Vartų str. 7A, Vilnius, Lithuania) (2019 – present); Member of Supervisory Board of “Swedbank", AB (legal form: Public limited company, code: 112029651, registered address Konstitucijos ave. 20A, Vilnius, Lithuania) (2021 – present).
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Murray Steele

Education, qualification: Glasgow university (United Kingdom), Mechanical Engineering, Bachelor’s degree; Glasgow university (United Kingdom), Aeronautical Thermodynamics, Master degree; Cranfield university (United Kingdom), Business Administration, Master degree.
Activity: Member of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).
Miscellaneous: Chairman of the Board of “Octopus Apollo VCT” (legal form: Venture capital trust, code OAP3, registered address: 33 Holborn, London, EC1N 2HT, United Kingdom) (2008 – present); Chairman of the Board of “Surface Generation” (legal form: Private limited company, code 04379384, registered address: Brackenbury Court, Lyndon Barns Edith Weston Road, Lyndon, Oakham, England, LE15 8TW, United Kingdom) (2008 – present).

Michaela Tod

Education, qualification: Vienna University of Economics and Business (Austria), Business and Economics Master’s degree.
Activity: Member of the Board of AUGA group, AB (legal form: Public limited company, code: 126264360, registered address Konstitucijos ave. 21C, Vilnius, Lithuania) (2021 – present).
Miscellaneous: Supervisory Board member of “mytheresa.com GmbH” (legal form: Private limited company, code: HRB 135658, registered address Einsteinring street 37, Munich, Germany) (2020 – present); Member of the Board of “ProGamers Group GmbH“ (legal form: Limited liability company, code: HRB 157289 B, registered address: Gaußstraße 1, Berlin, Germany) (2021 – present); Member of the Board of “Elvie (Chiaro Technology Ltd)“ (legal form: Limited liability company, code: 08502405, registered address: 63-66 Hatton Garden EC1N 8LE, London, United Kingdom) (2022 – present).

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3.3.2. Board Committees

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

Information regarding audit committee members as of 31 December 2022.

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

During 2022, 6 audit committee meetings were held. At all meetings there was a quorum in accordance with legislation and the regulations of the Company's audit committee. All members participated in all audit committee meetings.

3.4. Management

Kęstutis Juščius, *CEO* (30.04.2019 – present)

Education, qualification: Vilnius University, Business Administration, Bachelor's Degree (1995).
Activity: CEO of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address: Konstitucijos ave. 21C, Vilnius, Lithuania) (2019 – present).
Miscellaneous: Chairman of the Board of Baltic Champs Group, UAB (legal form: Private limited company, code: 145798333, registered address: Poviliškių v. Šiauliai district municipality, Lithuania) (2014 - Present); President of Lithuanian Mushrooms Growers and Processors Association (legal form: Association, code: 124135819, registered address: Zibalų str. 37, Širvintos, Lithuania) (2013 – present).

Mindaugas Ambrasas, *CFO* (12.03.2020 – present).

Education, qualification: Vilnius University, Master's degree in Economics.
Activity: CFO of AUGA group, AB (legal form: Public Limited Company, code: 126264360, registered address: Konstitucijos ave. 21C, Vilnius, Lithuania) (2020 – present).

3.5. Information on Transactions with Related Parties

Information on transactions with related parties is disclosed in the explanatory notes (note 30) of the consolidated and separate financial statements for the year ended 31 December 2022.

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3.6. Remuneration Report

The Remuneration Report of the Company has been prepared for the financial reporting year 2022, which coincides with the calendar year. The Report is a part of the Consolidated Annual Report of the Company prepared in accordance with the Law on Financial Statements of Entities of the Republic of Lithuania, the Remuneration Policy of the Company, and other legal acts.

On 29 April 2022, the general meeting of shareholders of the Company unanimously approved the Remuneration Report of the Company which, as a part of the Consolidated Annual Report of the Company, is publicly available on the Company's website.

3.6.1. Management Bodies Remuneration

The Company's management bodies include the members of the Board and the Chief Executive Officer (6 persons).
The members of the Board receive the following remuneration for the performance of Board member functions:

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

The remuneration of the CEO of the Company includes an official monthly wage and additional benefits granted irrespective of performance results and paid to all employees meeting the established criteria in accordance with the Group's procedures in force (e.g. health insurance). In addition to the official monthly wage or remuneration received in a different form, the CEO can be included in the employee share option programme. The remuneration paid to the Board and the CEO is in accordance with the Company's Remuneration Policy for the Executive Management, which was approved by the general meeting of shareholders and is publicly available on the AUGA group's website. The Company and its collegial bodies' members have not concluded any agreements regarding compensation in the event of resignation, unjustifiable redundancy, or change in ownership structure.

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

Remuneration of the individual members of the Board, EUR	2022	2021	2020
Dalius Misiūnas (30.04.2019 – present)	32,500	27,500	30,000
Andrej Cyba (17.06.2019 – present)	24,700	19,000	22,800
Murray Steele (30.04.2019 – present)	24,700	20,900	23,572
Tomas Krakauskas (30.04.2019 – present)	24,700	20,900	20,900
Michaela Tod (30.04.2021 – present)	24,700	13,300	0
Total:	**131,300**	**107,300**	**118,172**

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

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

Remuneration paid to members of the Board, EUR	2022	2021	2020
Total remuneration	131,300	107,300	118,172
Number of Board members	5	5	5
Average annual remuneration per 1 member	26,260	21,460	23,634

The members of the Board of the Company did not receive payments from any subsidiary of the Company in 2022.

No share options were granted to members of the Board in 2022. The Company did not pay variable remuneration to the Board members in 2022.

3.6.2. Employees Remuneration

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

Average gross salaries of the employees of the Group (before taxes), EUR	2022	2021	2020
CEO	7,498	7,584	7,222
Managers	3,710	3,414	3,431
Specialists	2,036	1,893	1,793
Workers	1,243	1,209	1,168

Other indicators	2022	2021	2020
Average gross salaries of the employees of the Group (excluding the CEO) before taxes, EUR	1,509	1,469	1,405
Net profit (loss), th. EUR	(5,351)	(15,435)	1,792

In 2022, the current CEO, being the main shareholder of the Company through UAB Baltic Champs Group, UAB, did not receive payments from any subsidiary, variable remuneration and was not granted share options. More information about the Group's personnel is presented in the AUGA group's Sustainability Report section 4.4.2. Employees and Diversity.

3.6.3. Employee Share Option Programme

The Group runs a share option programme for its specialists and management personnel as an additional motivational tool. On 30 April 2019, during the general meeting of shareholders, the share option programme for employees was approved, and in 2022 the first options were realized, according to the contracts made in 2019. The number of contracts was 167, and the number of shares - 2,297,850.

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

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

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

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

Information regarding the share option programme:

	2022	2021	2020
Number of participating employees	238	235	221
Number of allocated shares	1,651,185	2,381,701	2,226,830

3.7. Taxes and Regulatory Compliance

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

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

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4. SUSTAINABILITY REPORT

4.1. About the Sustainability Report

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

Unless specified otherwise, the Sustainability Report for 2022 covers the activities of all the Group's companies in the period from 1 January until 31 December 2022. To enable comparison and highlight changes in key areas, AUGA group also includes data from previous years. The Sustainability Report for 2022 is part of the Consolidated Annual Report, which is published on the Nasdaq Baltic website and the AUGA group website.

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

AUGA group publishes its activity reports in the form required by regulations for listed companies. Nonetheless, what is first and foremost important for the Group is to seek transparent and fair accountability to its stakeholders. The data presented in the Sustainability Report shall be disclosed in accordance with the principle of materiality. The Sustainability Report for 2022 identifies the key activities and achievements of the Group in the environmental, social and governance (ESG) areas during the reporting year and the goals expected to be achieved in the future. This report also presents the biennial materiality assessment of AUGA group's sustainability criteria (the most recent assessment was made in 2021).

In preparing its Sustainability Reports, AUGA group follows the Nasdaq ESG Guide and is disclosing its performance in accordance with the Global Reporting Initiative (GRI) standards. It is important for the Company to comply with the Sustainable Development Goals set by the United Nations, therefore it follows these principles in its activities and informs of their implementation in the Sustainability Report. It also reports on its progress in implementing the principles of the United Nations Global Compact.

In 2022, all information regarding the Group's management is contained in the consolidated report's section 3. Governance Report to avoid duplication of information, when some information on sustainable governance practices was also included in the Sustainability Report section. Methodological principles were not changed when preparing the report, compared to previous years.

The Group's Consolidated Annual Report, which includes the Sustainability Report, complies with the requirements for such reports set forth in the legislation of the Republic of Lithuania and the Communication from European Commission C/2017/4234 - Guidelines on Non-Financial Reporting. The report discloses information in accordance with the taxonomy regulation (EU) 2020/852, which establishes a classification system for sustainable economic activities and investments, for the part of the Group's activities to which the regulation applies.

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

Keen to make the data presented in its Sustainability Report transparent, since 2019 AUGA group has had an audit of its emissions carried out by the independent international company Carbon Footprint. The Group's management has also decided to audit the entire Sustainability Report and has designated a responsible person - the head of sustainability - to oversee this process. The full Sustainability Report was audited for a second time by an independent consulting company Sustain Advisory in 2022.

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

Nasdaq V8	Nasdaq V9	Nasdaq V10
GRI 2-3	GRI 2-4	GRI 2-5
GRI 3-1	GRI 3-2	GRI 3-3

4.2. Our Approach to Sustainability

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

AUGA group's management team with an involvement of the Board regularly discusses sustainability goals and achievements. The Group has a sustainability manager, who spearheads AUGA group's sustainability activities and reports it to the CEO. Additionally, one Board member is responsible for overseeing the area of sustainability (from April 2021 to April 2023, this position is held by Michaela Tod). The Group's sustainability manager submits a sustainability overview to the Board once a year. This review not only presents the Sustainability Report for the past year, but also global sustainability trends, changes in EU and local regulation, consumer research, and practices of other companies. At least twice a year, joint meetings of the Group's sustainability manager and the Board member responsible for sustainability are held, also including the managers of other relevant functional areas, regarding the implementation of the organisation's sustainability strategy.

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

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

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

GRI 2-14 GRI 2-16

4.2.1. Sustainability Strategy

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

Environmental Protection

Although today the Group undertakes organic agriculture and does more in the field of environmental protection than is required by organic farming standards, these measures are not enough to reduce the negative impact of agriculture on the environment.

Globally, agriculture is responsible for more than 20% of the world's greenhouse gas emissions. As the largest vertically integrated organic food producer in Europe, AUGA group is taking the lead in addressing this sensitive issue. In 2018, the Group set ambitious emission reduction targets (for more details, see section 4.3.4. Greenhouse Gases) and began developing new technologies that will allow us to set the standard for sustainable agriculture and produce food with no cost to nature.

The first result of implementing the 2020-2025 strategy was the AUGA M1 prototype of biomethane and electricity-powered tractor for professional use, which was presented in 2021. It can save 100 t of CO_2e emissions per year, compared to its fossil-fuel-powered analogues. During 2022, the prototype was prepared for serial production and at the beginning of 2023 the tractor from the first production batch was presented to the public. For more information on advances in AUGA group's development of technologies for agriculture in 2022, see section 4.3.10. Research and Development.

The Group will strive to promote wide adoption of the innovative solutions it creates to allow farmers to work more sustainably, thus creating the opportunity for consumers to choose food with no cost to nature.

Social Responsibility

Social issues are an important part of the Group's activities. This involves ensuring safety at work as well as gender equality, human rights and non-discrimination, zero tolerance for child or forced labour, and building a dialogue with the communities in the places where the Group's companies operate.

Sustainable Governance

The Group also follows good governance practices through an independent Board model and seeks to ensure transparency to investors and other stakeholders.

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

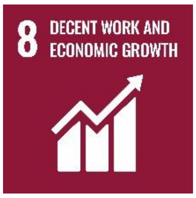
CONSUMERS	FARMERS	PRIVATE AND INSTITUTIONAL INVESTORS	SHAREHOLDERS
a more sustainable way to eat	a more sustainable way to work	a more sustainable way to invest	a more sustainable way to receive financial returns
			

4.2.2. UN Sustainable Development Goals

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

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

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



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

Infrastructure investments
Access to financial services
Environmental investments
Research and development

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

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

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

4.2.3. Stakeholders and Materiality Assessment of Sustainability Criteria

A close and high-quality dialogue with stakeholders is an important task of AUGA group. Relevant stakeholder groups are identified by the management team, based on the type and scale of their activities and overall business needs. Cooperation with these groups allows to respond to their needs and pursue a positive impact on various areas.

The Group's named stakeholders, main topics and forms of dialogue with them are presented in the table below.

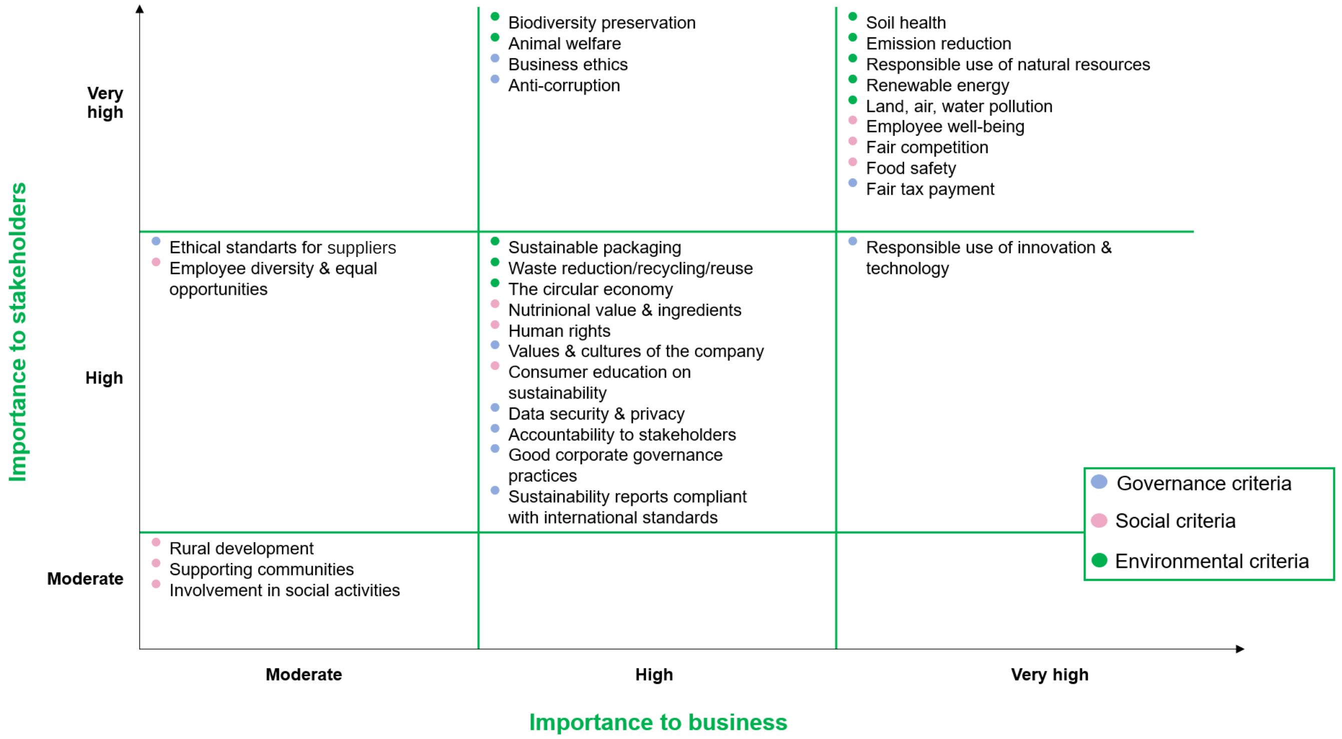
Stakeholders	Topics	Forms of Dialogue
Employees	○ Performance results, technology development progress, sustainability, and business strategy, ○ Employee welfare, compensation, and options, ○ Market news, general education in the field in which the Group operates.	○ Intranet and notice boards, ○ Electronic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

Every two years the Group conducts a materiality assessment of sustainability criteria among its stakeholders, AUGA group managers and Board members. An anonymous survey is used to determine the significance of the key sustainability criteria for all the listed groups.

In 2021, for the third time the Company has assessed the significance of sustainability criteria. Considering the current market conditions, AUGA group revised the previously applied sustainability criteria and added several new ones. For example: preservation of biodiversity, land, air, water pollution, involvement in social activities and others. More information on the evaluation and individual stakeholder‘s data can be found in the 2021 Sustainability Report, which is published on the AUGA group website. A new assessment will be carried out in 2023.

GRI 2-12 GRI 2-29

Matrix of Sustainability Criteria Significance



The survey data shows that emissions reduction is one of the highest priorities for both AUGA group management and its stakeholders. Other environmental aspects, which include soil health, responsible use of natural resources, renewable energy, land, air, water pollution, are also important for all stakeholders and businesses.

In this assessment, animal welfare and the newly added biodiversity criterion are also given top priority by stakeholders. The Group pays great attention to the topic of biodiversity, which is included in the Environmental Protection procedure, and cooperates with local universities in order to introduce and improve good practices for biodiversity conservation. The Group is consistently investing in the living conditions of livestock farms and this programme will continue in line with the approved Animal Welfare Policy.

In the opinion of the interviewed public groups and managers, the most important criteria in the social field are safety, health of employees, fair remuneration and food safety. Responding to this priority, the Group operates an Employee Safety and Health System, employees are provided with additional health insurance. Food safety has always been and remains a daily priority both in our own and outsourced production, the Group's organisational structure includes employees responsible for this.

Sincere payment of taxes, work ethics, application of anti-corruption principles are the main criteria in the field of management, which were distinguished by the surveyed parties. This is supported by the management of AUGA group. In order to meet the expectations of stakeholders, the Group will continue to adhere to the principles established in the code of business ethics and other policies.

GRI 2-12 GRI 2-29

4.2.4. Policies

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

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

All the policies apply to the employees of AUGA group and the members of its management bodies, including the members of the Board and audit committee. Employees, who notice situations in which valid policy guidelines are violated, can anonymously report them to e-mail: etika@auga.lt. In 2022, no complaints were received or violations recorded regarding any policies approved by the Group. The Group does not have uniform procedures for dealing with all complaints or negative impacts. When necessary, it is dealt with following general internal procedures and in compliance with the requirements of the law of the Republic of Lithuania.

In 2022, all new employees (395 or 100%) were introduced to the policies. Employees of the Group's administration, managers and specialists with e-mail access (303 or 25%) refreshed their knowledge of the policies via online system. Those who failed the test had to re-take it. The Board members did not take these tests.

Title	Description	Annual employee knowledge update	Employee partici-pation, %
Code of business ethics	The code defines the principles of fair treatment of employees and compliance with international human rights standards as well as the importance of ensuring equality, health and safety. It specifies the rules that govern the protection of private persons data, confidential information, business and financial documents, proper care for work tools, the relationship with customers and competitors, and the general communication by the AUGA group.	Yes	84.2
Environmental protection policy	The document specifies the guidelines and principles for ensuring the management of AUGA group's impact on the environment in its daily activities. The environmental protection policy envisages compliance with the requirements of environmental protection legislation and other obligations assumed by the Group, in order to reduce the probability of incidents and their impact on the environment, to ensure biodiversity, and to reduce greenhouse gas emissions generated during operations.	Yes	84.5
Policy on human rights, non-discrimination, child and forced labour	This policy is aims to ensure the fundamental principles of human rights in accordance with the valid legal acts of the Republic of Lithuania and international standards, in order for employees to feel safe in the working environment and to prevent and avoid any instance of discrimination or of forced or child labour.	Yes	84.2
Animal welfare policy	This policy provides guidelines and principles for ensuring animal welfare in the Group, setting out the basic principles to be followed in accordance with the animal freedom guidelines recognised by the World Organisation for Animal Health. The policy defines the responsibilities of animal handlers for the continuous improvement of farm animal welfare.	Yes	84.5
Policy on the prevention of corruption and conflict of interest	This policy states that the Group does not tolerate corruption in any of its forms, and in case of specific manifestations of corruption in the organisation, it immediately takes action to prevent such situations. It is the duty and responsibility of employees to act impartially, to not provide impermissible benefits to other business entities, and not to get involved in situations that cause or could potentially cause a conflict of interest with the interests of the Group and/or have a negative impact on the freedom of their own actions or decisions related to work functions.	Yes	84.2
Employee safety and health policy	This document identifies dangers and risks that may occur in the Group's activities. The policy also includes measures minimising the number of accidents.	Yes	67.0
Supplier's code of ethics	This document, which defines relations with suppliers and their principles of activity, stipulates that it is important for the Group that its business partners conduct their activities in accordance with the fundamental Environmental, Social and Governance (ESG) principles and the United Nations Sustainable Development Goals. The Group expects its suppliers to comply with environmental regulations and animal welfare standards, as well as to care for human rights, employee health and the prevention of any discrimination or child or forced labour.	Yes	70.0[2]

[2] Share of suppliers informed about the policy, calculated based on purchasing turnover in 2022.

GRI 2-15 GRI 2-16 GRI 2-23
Nasdaq V6 Nasdaq S9 Nasdaq S10 Nasdaq V5 GRI 2-24 GRI 2-25 GRI 2-26 GRI 406-1

4.2.5. Sustainability Commitments and Data Disclosure on International Platforms

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

AUGA group's goal of reducing the greenhouse gas emissions generated in its activities by 27% by 2025 was audited by international experts. It was determined that the Group's goal is in line with the Science Based Targets, for stopping global warming at 1.5°C.

The Group is keen to ensure that information on its sustainability performance is available to its investors and other stakeholders, and that its sustainability indicators are comparable to those of other companies. For this reason, AUGA group provides its environmental, social and governance information to the international environmental data disclosure platform CDP, the Nasdaq ESG Data Portal, and the international sustainability rating company ISS ESG.

In 2022, the Group improved its rating on CDP platform to a C.

Also, in 2022, ISS ESG gave the Group a C+ rating, placing it among the top 10% the world's most sustainable companies in the food and beverage sector. The Group thus maintained this rating for a third consecutive year.

4.2.6. Memberships and Partnerships

Participation in the activities of associations, sharing best practices and solving emerging problems in the field of sustainability is important for AUGA group. Therefore, for a number of years, the Group has been a member of the following organizations: the Lithuanian Association of Agricultural Companies (LŽŪBA), the Lithuanian Organic Farmers Association (LEŪA), the Responsible Business Association of Lithuania (LAVA) and the Baltic Institute of Corporate Governance (BICG). Baltic Champs, which is part of the Group, is a member of the Lithuanian Association of Mushroom Growers and Processors (LGAPA), and AUGA Luganta belongs to the Lithuanian Vegetable Growers Association.

In order to educate young professionals on various sustainability issues and to improve its image as an attractive employer, the Group has repeatedly partnered with various educational institutions. AUGA group cooperates with the following Lithuanian universities: VMU Academy of Agriculture, Kaunas University of Technology (KTU), LSMU Faculty of Veterinary Medicine, Kaunas College, Vilnius Business College, and ISM University of Management and Economics.

Associations and Organisations:

Universities and Colleges:

GRI 2-28

4.2.7. Taxonomy Overview

The Taxonomy Regulation (EU) 2020/852 with its implementing legislation establishes a classification system for sustainable economic activities and investments. It defines activities that are considered to significantly contribute to the achievement of environmental objectives, and thereby contribute to the implementation of the European Green Deal. Companies are required to disclose what portion of their operations are sustainable as measured by revenue, CAPEX (investments) and OPEX (operating expenses). This system aims to ensure transparency for stakeholders: shareholders, investors, etc.

While preparing the report for 2022, an assessment was made regarding which of the Group's economic activities are eligible for the Taxonomy and which of these activities that fall under the Taxonomy align with the requirements for sustainable activities. In the current version of the Taxonomy Regulation and delegated acts, agricultural and food production activities are not included or classified. Therefore, although the Group is engaged in organic farming and applies the principles of sustainable farming, it cannot yet state, which main activities of the Group meet the requirements of the Taxonomy. Revealing this compliance will be possible after the European Commission prepares the relevant technical screening criteria for agriculture and food production.

Part of other economic activities relevant to the Group, which are currently subject to Taxonomy classification and may be assessed for compliance with the Taxonomy's sustainability criteria, include:

- Construction of new buildings,
- Renovation of existing buildings,
- Electricity generation using solar power,
- Transport by motorbikes, passenger cars and light commercial vehicles,
- Road freight transport,
- Research and development activities.

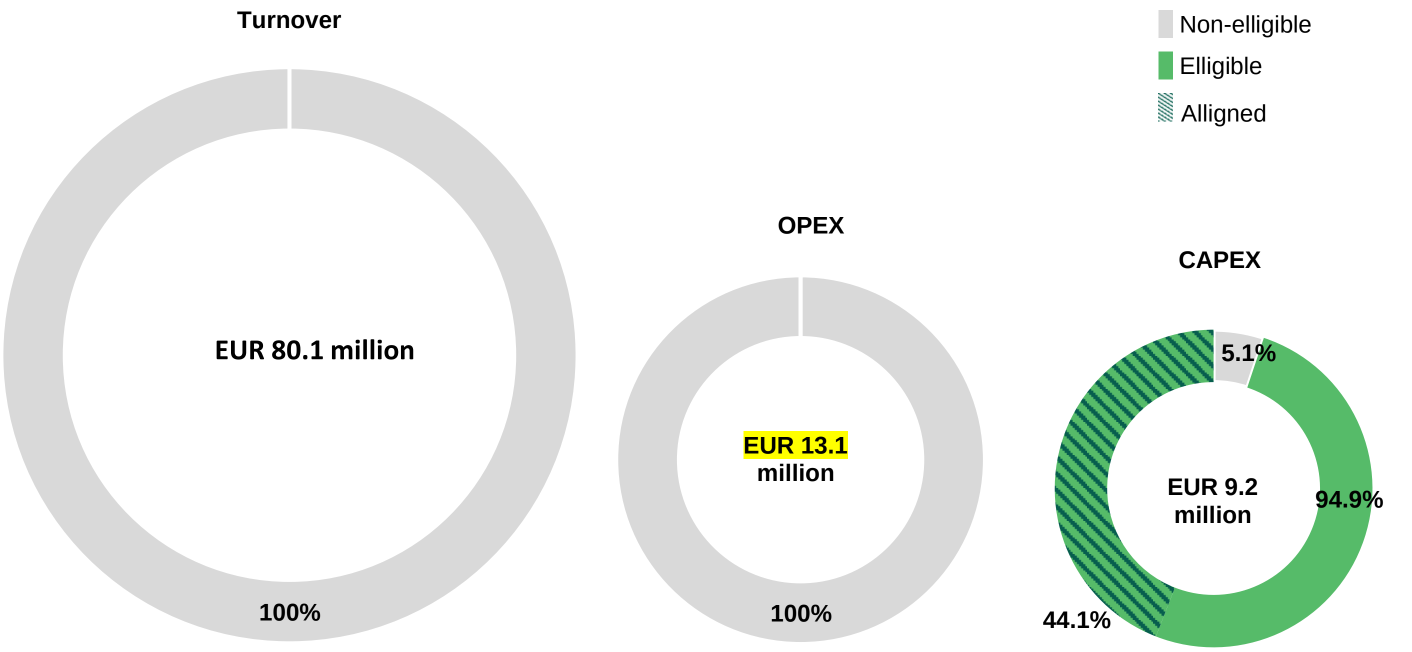
None of the activities listed above are commercial activities of the Group that generate sales. Therefore, in terms of revenue, the application and compliance with the Taxonomy criteria is equal to 0%. The same is to be said with regard to OPEX.

CAPEX for these activities in 2022 amounted to EUR 8.774 million, i.e., 94.9% of total CAPEX. The activities were also assessed for compliance with the sustainability criteria of the Taxonomy Regulation according to the following rules:

- whether the activity significantly contributes to one of the six envisaged environmental objectives
- whether it does no significant harm to other environmental objectives,
- whether the activity complies with social protection minimums.

The criteria are met by the Group's research and development activities, whose CAPEX in 2022 amounted to EUR 4.077 million and accounted for 44.1% of the total CAPEX. The aim of these activities is to create applicable technological solutions that will significantly contribute to one of the most important environmental goals - climate change mitigation in agriculture. These activities cause no significant harm to the other five environmental objectives, and they meet the standards of social protection. They are therefore assessed as meeting the Taxonomy's sustainability criteria.

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



4.3. Environment

4.3.1. Our Activities and Achievements during 2022[3]

67,463 t CO_2e 5.2%
emissions from operations

999.2 t 26.2%
waste generated

0.76 t CO_2e 3.6%
emission intensity per t of milk

Share of cultivated leguminous grass crops
22.9% 11.8%

0.37 t CO_2e 20.9%
emission intensity per t of crop production

Testing of
AUGA M1
tractor and the first batch produced

300,782 m^3 18.5%
water used

LCA
(life-cycle assessment) was performed for the first time in cooperation with KTU

4.077 mln. 57.3%
EUR invested in R&D

Continued
biomethane
infrastructure development

346,803 GJ 5.3%
energy consumed

Specialised
feed
tests, measuring the impact on methane emissions

[3] Compared to 2021.

4.3.2. Organic Farming and Sustainability Practices

AUGA group has started to systematically reduce the environmental impact of its core activities since 2015, when it made a strategic decision to turn from conventional agriculture to organic farming and began transforming all of its farms established in various regions of Lithuania. AUGA group thus introduced production methods that allow to reduce the agricultural footprint on the environment, protects the fields and final products from pesticides and other chemicals, meanwhile gives consumers an opportunity to eat more environmentally friendly and healthier food. The transformation process was completed in 2017. Since then, AUGA group operates entirely on organically certified land, and the newly added areas which are not organically certified, are also being converted to organic farming.

The main differences between organic and conventional farming are the following:

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

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

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

- **Min-till technologies.** While using such technologies, only the surface layer of the soil is being cultivated. This protects the soil from erosion, allows to preserve the fertile soil layer, the microorganisms contained in it and to reduce the consumption of fossil fuels.
- **Green energy.** Farms and all AUGA group companies use only certified green electricity. Part of the energy from renewable sources is produced internally by the Group.
- **Regenerative crop-rotation.** According to the crop rotation plan, at least 4 different crops are grown in 7 years. This improves the soil and is good for biodiversity. Annually increasing areas of perennial grasses and leguminous crops makes it possible to reduce the need for organic fertilisers and emissions in crop production.
- **More sustainable animal husbandry.** In order to ensure the well-being of animals, they have the opportunity to go outside in AUGA group farms all year round, and graze in the pastures during summer. Cow feed is based on perennial leguminous grasses, which is a more sustainable, less emission-generating feed, compared to commonly used grains, corn silage or soybeans.
- **A closed-loop organic farming method.** Synergy between different branches of agriculture and secondary utilisation of organic waste is ensured. Raw materials (fodder crops) grown in the crop segment are used as an animal feed, and straw is used to produce mushroom compost. In the dairy segment, the organic waste (manure) generated from its activities is used as fertiliser in crop production and in the mushroom growing segment to produce compost. From 2023 the manure will be used for biomethane production.

4.3.3. Biodiversity

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

- In its activities and organic production fields, it does not use chemical pesticides or other chemical plant protection products. The Group seeks to engage exclusively in organic farming and to convert all newly added land to organic production.
- In its activities it uses only the organic fertilisers and gradually reduces the need for them through crop rotation and the increasing of areas with leguminous grasses, which are capable of nitrogen fixation and carbo capture.
- Applies a regenerative crop rotation plan with at least four different crops cultivated over seven years.
- Where organic fertilisers are used, the Group works to minimise the leaching of fertilisers into water bodies. It does so by applying fertiliser only at specified times, maintaining buffer zones for water bodies and applying all organic fertilisers used to the soil at once.
- It leaves the established buffer zones for drainage ditches and water bodies and carries out their extensive maintenance.
- It aims to maximise the use of min-till farming technology.
- It seeks to allocate at least 30-50% of the area in crop rotation to flowering plants (legumes and grasses) that are beneficial to pollinators and cooperates with beekeepers by establishing mobile apiaries near flowering fields.
- In the winter season, the Group leaves at least 50% of the farmland under agricultural crops, catch crops or plant residues, which are beneficial to soil and terrestrial fauna.
- To prevent eutrophication* and deterioration of natural aquatic ecosystems, mixtures of at least three different types of plants are selected for catch crops, based on radish or brown mustard, which retain the most excess of nitrogen.
- Part of grain crops are grown with silage (fodder grasses) in order to enrich the soil with biological nitrogen and organic matter, which, while slowly decomposing, provides food for the biodiversity of soil and increases the amount of sequestered carbon.
- In the fields that fall into the protected areas, perennial meadows or pastures are left, the number of grazing animals is limited and the existing hydrological regime is maintained.
- The roots of individual trees growing in the fields are protected at the canopy** perimeter. Such trees perform an important stepping-stone function between larger suitable habitats. Insects and fungal spores that have settled in such a place can later spread further to another area.
- The Group fights climate change that is harmful for biodiversity by developing and implementing GHG emission reduction technologies in agriculture.
- The Group is committed to engaging in research, conservation and education activities, and collaborating on biodiversity issues with universities, governmental and non-governmental organisations, and other stakeholders.

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

To ensure the protection of biological diversity on the lands managed by the Group, accounting is planned to identify territories of high natural value for farming and the species present in them. It is a complex and time-consuming task, as there are 664 protected areas of European importance in Lithuania alone. Different plant and animal species and habitats are protected in them. In addition, important changes in legislation related to agriculture and biodiversity are expected this year, implementation of which will already be reflected in next year's land declaration. By identifying what we need to protect, we will be able to expand the measures currently in place and adapt farming practices in ways that do not endanger habitats or species ranges, thus helping to preserve the diversity of ecosystems even more. Data collection has started and will be completed in 2023.

GRI 304-1

4.3.4. Greenhouse Gases

CO_2e Reduction Goals by 2025 from 2019 Bases:

27%
less total Group emissions (base 72,821 t CO_2e)

50%
less emissions from diesel fuel used for farm work (base 16,646 t CO_2e)

50%
less emissions per ton of milk produced (base 0.68 t CO_2e)

30%
less emissions per ton of dry matter of crop production (base 0.37 t CO_2e)

Direct and Indirect Emissions

The calculation of greenhouse gas (GHG) emissions generated in the Group is based on the generally accepted international methodology. Operational emissions are classified into three groups: direct (Scope 1), indirect (Scope 2), other sources (Scope 3). The symbol CO_2e notes CO_2 and the emissions of other greenhouse gases converted to its equivalent using the standard coefficients.

Emissions, t CO_2e*	2022	2021	2020
Scope 1	62,495	61,727	66,144
Scope 2	8	9	6
Scope 3	4,961	2,414	1,983
Total:	**67,463**	**64,150**	**68,133**

*Calculated using the "market-based method", evaluating based on actual electricity purchases. When calculated using the "location-based method", i.e. according to the country-specific nature of energy production, the Group's total GHG emissions in 2022 would be 70,722 t CO_2e.

Distribution of emissions by sources, %	2022	2021	2020
Emissions from soil	33.5	32.3	36.4
Fossil fuel consumption	29.1	31.2	31.2
Digestive processes from cattle	25.1	26.5	23.2
Packaging	7.2	3.6	2.6
Manure handling	4.5	4.8	3.8
Freon consumption	0.2	1.4	2.4
Other	0.4	0.2	0.4
Total:	**100.0**	**100.0**	**100.0**

During the reporting period, greenhouse gas emissions from the Group's activities increased by 3,313 t CO_2 e or by 5.2% compared to the previous year, however, in 2022 emissions decreased by 5,358 t CO_2 e or by 7.4%, compared to the base year 2019. Comparing year 2022 with 2019, Scope 1 decreased by 8,519 t CO_2 e, Scope 2 constitutes a small part of the emissions and changed only slightly, and Scope 3 increased by 3,160 t CO_2 e due to extended accounting.

A larger footprint was recorded for AUGA group's activity in 2022 due to higher yields in the crop production segment (resulting in higher emissions from crop residues left in the fields) and an increased number of livestock (higher emissions from internal fermentation processes and manure management). In addition, the larger volume of products sold led to higher emissions from packaging. The amount of electricity and water used in operations decreased, along with the emissions by 11% and 18% respectively. Gas emissions from the use of refrigeration equipment decreased by remarkable 62%, as fewer leaks and system refills were recorded.

AUGA group's biggest sources of GHG emissions were cattle digestion processes, the use of fossil fuels in farm activities and soil emissions, resulting from organic fertilisers and crop residues. This situation has been similar for several years in a row.

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It is important to note that the emission reduction goals set out in the Group's strategy are not yet being gradually implemented every year. A significant change for the largest sources of emissions should occur over the next two years with the development of new technologies and their use in the Group's activities during the next two years.

Crop rotation related to future fodder production continues to be developed, consistently increasing the area of leguminous grass crops (to 8,811 ha in 2022, which is 12% more than in 2021), thereby reducing the need for fertilisers and emissions. The Group purchases and uses green electricity in its operations. This decision, at the level of the entire Group, allowed to save as much as 3,017 t of CO_2 e in 2022.

The calculation of Group‘s emissions include not only CO_2, but also CH_4, N_2O and HFCs gases converted into CO_2 equivalent using the standard coefficients and marking the final total number as CO_2e. PFCs, SF_6, and NF_3 gases are not emitted in the Group's activities.

AUGA group calculates emissions of nitrogen suboxide (N_2O) and methane (CH_4) separately, converted into kilograms, as recommended by international standards (GRI). N_2O, like oxygen and carbon, is necessary for crop production. Although nitrogen gas makes up 75% of the earth's atmosphere, it is difficult to absorb it directly from the air, therefore fertilisers (liquid or solid manure), that are saturated with this element, are used in agriculture. Due to fertilising, manure management and the decomposition of crop residues in the fields during AUGA group’s activities in 2022, 90,282 kg of N_2O was released. Methane (CH_4) is generated through the animal husbandry activities from the digestive processes of cattle and management of manure. In 2022, 665,368 kg of CH_4 emissions were recorded.

The direct emissions calculated in Scope 1 also include biogenic emissions from existing biomass (manure and crop residues in fields). This includes direct emissions of N_2O from soil, indirect volatilisation of N_2O from soil, and leaching of N_2O from soil. The total number of these biogenic emissions in 2022, converted into CO_2 equivalents, totalled 22,599 t CO_2e. Biogenic emissions from burning biofuels for heating (e.g., firewood) are not specific and thus are not included.

Indicators of Emission Intensity

The indicators of GHG emissions intensity are calculated by dividing up the annual emissions by the various units of economic activity. They show the amount of CO_2 emitted in the operations of the Group through the financial, production, arable land and other units. When calculating emissions per euro of revenue and per 1 employee, all Group emissions in Scopes 1, 2 and 3 are included. When calculating emissions per cattle and per tonne of milk, per hectare and tonne of crop production, and per tonne of mushroom production, only Scope 1 and 2 emissions are included, assigned to the relevant activity segment - animal husbandry, crop production or mushroom cultivation.

Emissions, t CO_2e	2022	2021	2020
t CO_2e / 1 million EUR of revenue	842.36	893.70	818.07
t CO_2e / 1 employee	55.03	52.03	53.61
t CO_2e / 1 cow	3.13	3.20	3.05
t CO_2e / t ECM milk*	0.76	0.73	0.67
t CO_2e / ha	0.89	0.85	0.91
t CO_2e / t crop production	0.37	0.46	0.31
t CO_2e / t mushroom production	0.24	0.30	0.30

*Energy corrected milk (ECM) is a relative unit of measurement of milk. It converts an amount of raw milk to the equivalent quantity of “corrected” milk with 4.0% fat and 3.3% protein.

The biggest change is seen in the relative ratio of emissions to income. Although in 2022 both emissions and income grew, their ratio decreased by 5.6%, compared to 2021. Another indicator, emissions per crop production unit, also shows a significant change. The number is down due to a higher yield grown during the season, which, while growing, used lower quantities of organic fertilisers and fossil fuels, compared to previous years.

Emissions per cattle decreased due to a larger number of cattle raised and decreases in both the use of fossil fuel and gas for refrigeration. The figure for emissions per 1 tonne of milk produced was influenced by the increased number of cattle, out of which 46% of new cattle were heifers and bulls that do not produce milk but contribute to the generation of emissions.

Nasdaq A2 | GRI 305-1 | GRI 305-3 | GRI 305-4

In the table, which indicates the intensity of GHG emissions, the most important lines are highlighted. They reflect AUGA group's strategy for emission reduction by 2025. The achievement of these goals is planned to be achieved after the implementation of the main technology projects: specialised fodder technology, related crop rotation, and switching from the use of fossil fuels on farms to biomethane.

Methodology

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

Emission factors from the following sources were used for the calculation: Lithuania 2022 National Inventory Report, Association of Issuing Bodies (AIB) 2021, UK Government Conversion Factors for greenhouse gas (GHG) reporting, 2022.

Direct emissions (Scope 1) include all sources controlled by the Group while undertaking its activities. Indirect emissions (Scope 2) are generated from the energy that the Group buys from other suppliers (it does not produce it itself). Other sources (Scope 3) include indirect emissions that were not included in the calculations of the first two groups but are directly related to the Group's activities.

AUGA group defines the systematic limits of life cycle assessment from cradle-to-gate, i.e., it calculates operational GHG emissions from resource extraction to realisation (sale) of the company's production. Based on to data availability, its completeness, and its importance for the activity, AUGA group chose to include the following data in the calculation of emissions from other sources (Scope 3): water, electricity and heating transmission losses, paper for office use, packaging, waste and business trips.

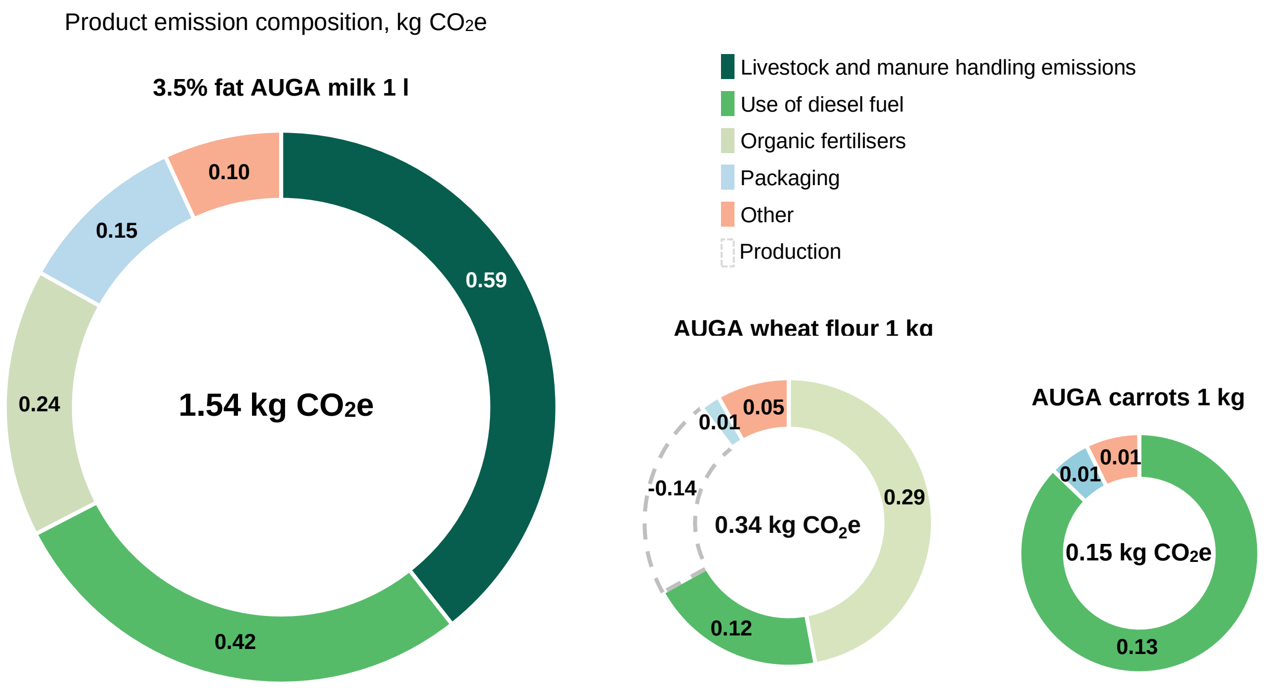
For several years the emissions of the Group's activities have been audited by the independent company “Carbon Footprint”, one of the leading CO_2 footprint auditors. With the independent audit, the Group seeks to declare to its stakeholders that the information it publishes is reliable and transparent.

Life Cycle Assessment of Products

In 2022, commissioned by the Group, Kaunas University of Technology (KTU) researchers conducted a life cycle assessment (LCA) of the carbon footprint (CO_2e) of AUGA-brand packaged food products for final consumption, covering all processes from the cultivation of raw materials to transportation, production of the final product and packing. The research was carried out in accordance with the product life cycle assessment, carbon footprint evaluation standards and other documents.

The aim of the project was to understand all the main processes in the life cycle of the products and to determine the greenhouse gas (GHG) emissions generated by each of them. Data for 2021 was used for the research. This research is important as a starting point for assessing future emission reductions when applying agricultural technologies developed by the AUGA group that address the largest sources of emissions.

Several products representing different categories and produced from the Group's own organic raw materials grown on its farms were selected for evaluation: 2.5% and 3.5% fat milk in 1 l packages, carrots and potatoes in 1 kg packages, and universal wheat flour in 2 kg packages. The data below regarding flour is calculated per 1 kg.



*Secondary products (bran and feed flour) generated during the flour production process have negative emissions from the point of view of life cycle assessment.

The study found that largest amounts of the emissions for the product groups examined occur in the production of raw materials on farms – crops and livestock. Cattle internal fermentation, manure management, diesel used on the farm and organic fertilisers generate most of the emissions. Processing and packaging account for a relatively smaller share of emissions.

Among the products studied, the results show that milk generates the most emissions - 1.54 kg CO_2e per 1 litre of product. This is due to high emissions from the internal fermentation processes of cattle and manure management (38% of emissions).

Wheat flour (with 0.34 kg CO_2e per 1 kg of product) stands out with high emissions from the use of organic fertilisers (86% of emissions). Total emissions of this product are reduced by the fact that some secondary products formed in the production process, namely bran and feed flour, have negative emissions from the point of view of life cycle assessment.

Vegetables, in particular carrots, have the lowest impact on the environment (0.15 kg CO_2e per 1 kg of product). The largest part of pollution comes from the use of diesel fuel during cultivation (87% of emissions). Mushroom compost used as fertiliser has negative emissions from the point of view of life cycle assessment, as it is a product of secondary use.

To evaluate the base emissions of AUGA products, with the help of KTU researchers, we compared them to the average products in the corresponding categories on the European market. The calculations showed that 1 litre of AUGA organic milk generates about 14% less emissions compared to the average product on the market with the same fat content. AUGA organic wheat flour emissions are just half the market average. AUGA organic potatoes generate 46% less emissions per kilogram than same amount of conventional potatoes. Meanwhile, the difference in emissions for AUGA organic carrots is smaller, at 8% less than the market average.

While the assessment based on 2021 data found that AUGA products already involved less emissions than corresponding average products on the market, those results were not yet affected by new technologies the Group is developing, such as agricultural machinery that does not use diesel, and specialised emission-reducing feed technology. The implementation of these projects should reduce the impact of AUGA products on the environment even further, to help reach the goal of "no cost to nature".

GRI 305-4

4.3.5. Energy

Direct and Indirect Energy Consumption

	Value			Energy, GJ			Energy distribution, %		
Type of energy	2022	2021	2020	2022	2021	2020	2022	2021	2020
Natural gas	4,579 MWh	5,912 MWh	4,365 MWh	16,436	21,284	15,713	4.7	5.8	4.3
Liquefied natural gas	386,154 l	437,021 l	736,442 l	9,549	10,926	18,411	2.8	3.0	5.0
Petrol	66,718 l	52,898 l	63,157 l	2,298	1,822	2,175	0.7	0.5	0.6
Diesel	6,854,836 l	7,085,071 l	7,330,265 l	261,657	270,445	279,804	75.5	73.8	76.4
Diesel for drying of production	179,524 l	148,818 l	139,514 l	6,841	5,671	5,316	2.0	1.5	1.5
Total direct energy:				**296,935**	**310,148**	**321,422**			
Electricity energy	13,807 MWh	15,555 MWh	15,600 MWh	49,703	55,997	56,159	14.3	15.3	15.3
Heating	46 MWh	53 MWh	37 MWh	164	190	134	0.05	0.1	0.04
Total indirect energy:				**49,867**	**56,293**	**55,470**			
Total:				**346,803**	**366,335**	**377,715**	**100**	**100**	**100**

Energy consumption data is from AUGA group's internal accounting system.

During the reporting period, AUGA group consumed 19,533 gigajoules (GJ) of energy, or 5% less than in 2021. Lower total energy consumption in 2022 mainly resulted from the decreased use of natural and liquefied gas (23% and 12% less, respectively), with electricity consumption also down by 11%. AUGA group does not sell any type of energy.

The use
 of diesel fuel for transport can be seen to be decreasing noticeably every year. While 7,360 thousand litres were used in 2019, only 6,855 thousand litres were used in 2022. Changes in cultivated crops were the main factor in this – especially the increased area for grasses and seed clover, which require significantly less maintenance than grain or vegetable crops. Additionally, equipment is being made more efficient. In recent years, lighter seed drills have been used, which consume less fuel and sow larger areas in each outing.

AUGA group owns many companies engaged in various areas. Due to their different nature, the Group has no centralised rules on reducing energy consumption. Each company independently implements energy saving initiatives according to the nature of its activity.

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

Nasdaq A3 Nasdaq A5 GRI 302-4

Intensity of Energy Consumption

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

Energy intensity calculations include direct and indirect energy types. Calculations per head of cattle, per tonne of milk, per hectare or per tonne of mushroom production use the energy consumption allocated to the relevant activity segment - animal husbandry, crop growing or mushroom cultivation.

Energy, GJ	2022	2021	2020
GJ / 1 million EUR revenue	4330.27	5,015.02	4,535.16
GJ / 1 employee	282.87	291.81	297.18
GJ / 1 cattle	3.54	3.46	3.66
GJ / t ECM milk*	0.86	0.80	0.80
GJ / ha	4.93	4.98	4.50
GJ / t crop production	2.02	2.74	1.53
GJ / t mushroom production	6.23	7.04	6.05

*Energy corrected milk (ECM) – a relative unit of measurement of milk. It converts an amount of raw milk production to the equivalent quantity of “corrected” milk with 4.0% fat and 3.3% protein.

Energy consumption per unit of crop and mushroom production decreased in 2022 due to higher crop yield and lower use of natural gas and electricity use in the mushroom sector. The rate per hectare decreased due to lower use of fossil fuels for crop production.

There is a visible increase in the reporting period for livestock-related indicators, in terms of energy use per unit of milk and cattle. The change was caused by the increased consumption of fuel and electricity attributed to animal husbandry activities, as well as the increased number of cattle, with 46% of the increase involving heifers and bulls, which do not produce milk but do generate emissions.

4.3.6. Water

AUGA group's operations in the agricultural sector require the consumption of a significant volume water for growing crops and mushrooms, watering animals and preparing products for final consumption. The water for ensuring production processes is taken from wells located at agricultural companies or centralised municipality water supplies. Consumption is monitored using water metres. It is important to note that the Group monitors the environmental impact of water consumption through CO_2e emissions.

	2022	2021	2020
Water, m^3	300,782	368,867	338,913

During the reporting period, AUGA group consumed less water compared to previous year by 68,085 m^3 or by 18.5%. Such change was mainly due to the sufficient amount of precipitation in 2022 when, unlike in previous years, there was little need to additionally irrigate crops.

Secondary water utilisation practices are used in the mushroom cultivation segment, where growing mushrooms, the water required for compost production is used several times. Excess unabsorbed water is collected and reused until almost all water leaves together with the mushroom compost produced.

Water is also saved in the production of final products. Thus, for example, the same water is circulated for several cycles during the treatment of mushrooms at high temperatures in an autoclave.

AUGA group does not have an approved water reduction or reclaiming policy across the companies of the Group. Each company belonging to AUGA group independently implements water saving and reuse initiatives according to the nature of its activities. Water is not used from areas that face water shortages.

Nasdaq A4 | Nasdaq A6 | GRI 303-5 | GRI 302-3

4.3.7. Waste

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

AUGA group strives to manage as much of the waste it generates as possible following the principle ‘reduce, reuse, recycle’. To ensure enhanced control of waste management and make the process clearer, in 2021 AUGA group developed waste generation, storage and disposal procedures, which have since been implemented in all Company’s farming operations. The procedures are internal rules of the company which are not approved at the Board level as the Group's waste management policy.

Based on those procedures, the Group's companies that engage in farming comply with regulations for waste storage and management in Lithuania: generated waste is sorted and accounted for with the national GPAIS system, ensuring it is transferred only to companies (waste handlers) with permits to manage it. To ensure circularity, the Group's agricultural companies use the organic waste they generate in their farming activities, and what cannot be used is passed on to the waste managers who use it to produce energy.

Distribution of waste by type:

Waste category, t	2022	2021	2020
Plastic	399.1	472.0	428.2
Municipality waste	325.9	349.0	338.7
Metal	121.6	280.4	406.7
Paper	78.6	74.8	49.9
Tires*	27.2	78.5	68.5
Asbestos*	23.4	42.7	12.1
Wood	10.3	39.2	113.0
Oil*	9.0	15.2	8.9
Batteries*	2.9	1.2	1.2
Electronics	1.2	0.9	0.7
Organic waste	0.0	0.3	0.9
Total:	**999.2**	**1,354.2**	**1,429.3**

*Household formed hazardous waste, according to the Law on Waste Management of the Republic of Lithuania.

In 2022, the Group's activities generated less waste than the previous year by 355 tonnes or by 26%. The change mainly reflects a decrease in organic waste due to increased composting on farms. A reduction of plastic waste is also visible as more sustainable practices spread among the Group's companies: paper packaging is chosen more often and products are purchased in larger quantities instead of small packages.

Waste sorting and recycling has always been an important task to the Group. Thus, AUGA group constantly educates its employees about proper waste sorting in various ways, for example with information on the intranet, on notice boards, and near the recycling bins.

GRI 306-1 GRI 306-2 GRI 306-3

4.3.8. Environmental Management

Environmental protection is a top priority for AUGA group, which for that reason abides by an Environmental Protection Policy and Environmental Management System.

The Group's Environmental Policy, which was approved in 2019 and updated in 2021, sets out guidelines and principles to ensure the management of AUGA group's environmental impact throughout its business cycle. It stipulates that the Group shall:

- Operate in compliance with all mandatory requirements of environmental legislation.
- Cooperate with business partners, public authorities and institutions on environmental issues.
- Monitor its environmental impacts, in particular by calculating the organisation's carbon footprint, use of natural and energy resources, and waste generation.
- Conserve natural and energy resources: develop a closed-loop organic farming method, apply min-till farming technologies, and use renewable energy sources.
- Create and implement technologies to reduce the Group‘s GHG emissions in three key areas: the use of fossil fuel, soil cultivation and cattle digestion processes.
- Manage as much waste generated at the Company as possible in line with the reduce, reuse and recycle principle.
- Develop employees' competences and sense of responsibility for environmental protection.

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

Inspections carried out on farms in 2022 closely examined compliance with the law on waste management (storage, sorting, marking, accounting).

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

4.3.9. Climate Change Oversight

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

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

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

Nasdaq A7 | Nasdaq A8 | Nasdaq A9

4.3.10. Research and Development

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

In 2022 the Group allocated EUR 4.077 million for the implementation of technological projects.This sum increased by 57% compared to EUR 2.592 million in the previous year.

Biogas Purification and Application Technologies

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

In 2021, AUGA group, together with experienced partners (scientific and business institutions), implemented an R&D project, aimed to improve the efficiency indicators of biogas cleaning technology. The R&D project was part-financed by the European Regional Development Fund under the Operational Programme for EU Structural Funds Investments for 2014-2020, priority axis 1 'Strengthening Research and Development and Innovation', Implementing Measure No. J05-LVPA-K 'Intelligence'. The total value of the project is EUR 0.86 million.

The logical follow-up of the development of sustainable gas technologies is the creation of a real-scale prototype laboratory. The Biopower Plants Development Cluster, in which AUGA group participates, has decided to initiate the project "Research Laboratory for the Application of Biomethane Concentration Enhancement Methods in Large-Scale Anaerobic Digesters“. During the implementation of the project in 2022, complex laboratory equipment was purchased for R&D activities. While using the laboratory equipment acquired during the project, competitive technological solutions are planned to be created and offered on a global scale. The project is financed by European Union Structural Funds. The value of the project amounts to EUR 1.88 million (incl. VAT), out of which EUR 1.22 million is financed from EU funded programme Inoklaster LT.

The results of the tests and the obtained products will be applied in the technological bases installed on the farms.

Biomethane Powered Agriculture Machinery

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

The patented design developed by AUGA group allows equipping the tractor with larger biomethane gas cylinders. AUGA M1 tractor uses a hybrid biomethane-electric fuel system. When the tractor is running, an internal combustion engine powered by biomethane generates energy and transmits it directly to the electric motors, which turn the wheels. Under normal operating conditions that do not require much power, the tractor stores the generated energy in the batteries. Such system wastes no energy under low loads, uses a relatively small but efficient engine and is capable of generating high power when needed. These solutions enable the tractor to operate for up to 12-hours. AUGA group has solved the refuelling problem by offering quick and convenient gas cartridge replacement. In 2022, the prototype of the tractor was actively tested in real conditions and its serial production is being prepared at the Rokiškio mašinų gamykla.

After the end of the reporting period, beginning of 2023, the Group presented the AUGA M1 tractor from the first production batch. Three tractors will start working on farms in the spring of the same year.

Specialised Feed Technology for Cattle

The Group is developing a specialised feed technology aimed at reducing methane emissions from cattle digestion processes. Since dairy farming is a significant part of the Group's closed-loop business model, and methane (CH_4) contributes to the greenhouse gas effect 28 times more than CO_2, the Group finds it important to take this problem into account. The concept of specialised feed technology includes innovative processes and technologies used for feed production and processing by monitoring and assessing the effect of such feed on livestock. In the reporting year, the Group continued testing the feed production technology. The use of new forages is expected to significantly reduce methane emissions per milk produced by cattle.

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

4.4. Employees and Social Responsibility

4.4.1. Our Activities and Achievements

45%

Employee Net Promoter Score (eNPS)

100%

of employees are provided with full health insurance

Accidents:

14

Per working hours:

0.00066%

Employees taking part in share option programme:

238

New participants:

26

AUGA group

intranet

created as a tool for internal communication

GRASP

certification renewed for Baltic Champs and AUGA Luganta

Donated

EUR 60,000

4.4.2. Employees and Diversity

The following tables show data for the AUGA group as of the end of the reporting period (2022). All AUGA group activities are carried out in one region, Lithuania, therefore the data are not broken down by country or geographical regions.

Employees and diversity			2022			2021			2020		
	Category	Measurement	Total	Women	Men	Total	Women	Men	Total	Women	Men
Total		Number	**1,226**	523	703	**1,233**	514	719	**1,271**	542	729
		Distribution, %		42.7	57.3		41.7	58.3		42.6	57.4
By age	Under 30 years old	Number	165	75	90	169	60	109	190	78	112
		Share, %	13.5	6.1	7.3	13.7	4.9	8.8	14.9	6.1	8.8
	30-50 years old	Number	564	243	321	580	256	324	606	274	332
		Share, %	46.0	19.8	26.2	47.0	20.8	26.3	47.7	21.6	26.1
	Over 50 years old	Number	497	205	292	484	198	286	475	190	285
		Share, %	40.5	16.7	23.8	39.3	16.1	23.2	37.4	14.9	22.4
By position	Workers and specialists	Number	1,166	509	657	1,171	502	669	1,208	529	679
		Distribution, %		43.7	56.3		42.9	57.1		43.8	56.2
	Management	Number	60	14	46	62	12	50	63	13	50
		Distribution, %		23.3	76.7		19.4	80.6		20.6	79.0
By employment contracts	Permanent employees	Number	1,226	523	703	1,233	514	719	1,271	542	729
	Temporary employees	Number	0	0	0	0	0	0	0	0	0
	Full-time employees	Number	1,208	513	695	1,205	503	702	1,250	538	712
	Part-time employees	Number	18	10	8	28	11	17	21	4	17
	Working under service contracts	Number	2	1	1	2	1	1	3	2	1

According to AUGA group data, on 31 December 2022 the total number of employees was similar to the previous year, showing a decrease of just 7 people or 0.6%, compared to the end of 2021. The total number of employees includes persons on childcare leave (in 2022, there were 40 such persons).

As in the past, the majority of employees in 2022 were men, which is typical in the agricultural sector. Compared to previous years, the overall percentage of women has increased slightly. While men are still a majority of employees among managers, there proportion of women managers has increased. The Group does not discriminate employees based on gender in any way and provides everyone with equal work and career opportunities. The table does not include the gender distribution of the Board: 4 out of 5 members of the Board are men, i.e. 80%.

In 2022, as in previous years, the largest employee group remains 30-50 years olds. There is a slight growth in the “Over 50” category. The table does not include members of the Independent Board. Their age is divided as follows: 30-50 years age group - 3 members or 60%, over 50 years - 2 members or 40%.

As of the last day of 2022, the Group had no employees working under fixed-term employment contracts. AUGA group employees, who work under service contracts, are not included in the total number of employees.

The number of part-time employees further decreased in 2022 and at the year-end it accounted for only 1.5% of all employees. Those working under service contracts made up only 0.2% of the total.

It is important to note that the Group operates in the agricultural sector, where activities are seasonal. Therefore, AUGA group each year hires seasonal workers to perform weeding, picking, drying, measuring, and similar work. The Group pay such workers for their services according to payment receipts. After the end of the season, they are not included in the final number of

Nasdaq V1 | Nasdaq S4 | Nasdaq S5 | GRI 2-7 | GRI 2-8 | GRI 405-1 employees. During the 2022 season, the Group additionally hired 254 seasonal workers to provide the agricultural services mentioned, while in 2021 it hired 417 seasonal workers. This difference was due to the smaller areas of sugar beet grown in 2022, and therefore fewer workers needed. The Group sees a positive trend in the return of seasonal workers, which ensures more efficient work.

4.4.3. Employee Turnover and New Employees

The table shows the numbers of employees who left the Group (employee turnover) and joined as new employees during the reporting year, broken down by various groups, and the percentage expression of these numbers in each of the groups.

Employee turnover		2022		2021		2020	
		Number	%	Number	%	Number	%
Total:		**402**	**32.8**	**368**	**29.8**	**316**	**24.9**
By gender	Women	177	33.8	152	29.6	114	21.0
	Men	225	32.0	216	30.0	202	27.7
By age	Under 30 years old	121	73.3	131	77.5	98	51.6
	30-50 years old	172	30.5	153	26.4	126	20.8
	Over 50 years old	109	21.9	84	17.4	92	19.4
By employment contracts	Full-time employees	399	33.0	366	30.0	316	24.9
	Part-time employees	3	16.7	2	7.0	0	0.0
	Working under service contracts	0	0.0	0	0.0	0	0.0
New employees		**Number**	**%**	**Number**	**%**	**Number**	**%**
Total:		**395**	**32.2**	**331**	**26.8**	**359**	**28.2**
By gender	Women	186	35.6	122	23.7	129	23.8
	Men	209	29.7	209	29.1	230	31.6
By employment contracts	Under 30 years old	145	87.9	133	78.7	151	79.5
	30-50 years old	157	27.8	128	22.1	150	24.8
	Over 50 years old	93	18.7	70	14.5	58	12.2

In 2022, the overall employee turnover rate increased. Female turnover rose to 33.8%, from 29.6% in the previous year. This reflects an increased turnover of mushroom pickers, most of whom are women, at the company "Baltic Champs". For the same reason, the percentage of female new employees in 2022 was higher than in previous periods. The overall increase in turnover of employees corresponds to the trends in the entire Lithuanian labour market.

The number of employees in the age group “under 30” is the smallest at AUGA group and accounts for 13.5% of all employees. Despite labour market trend in Lithuania of younger workers changing jobs more often, the turnover of the Group’s employees in this age group decreased by 4.2 percentage points in 2022, compared to 2021.

Overall, more new hires were male in 2022, as in previous years. This is related to the fact that the Group operates in the agricultural sector, where due to the nature of the work, usually more workers are men. Note that when hiring new employees, the Group assesses candidates based on their qualifications and motivation to work and does not discriminate against them in any way on the basis of gender.

Nasdaq S3 GRI 401-1 GRI 2-8

4.4.4. Remuneration and its Distribution

Remuneration Policy

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

In implementing its remuneration policy, AUGA group uses the remuneration data analytics platform of the international company KORN FERRY. The platform allows the Group to verify the dominant remuneration trends in the market.

CEO and Employees Pay Ratio

In 2022, the ratio of CEO and median employee pay was 4.84 and was 9% smaller than the previous year, when it was 5.34. For several years in a row, the ratio of the pay of the CEO (the highest-paid employee) to the Group's median salary of permanent employees has been decreasing.

This change is due to the annual reviews of employee pay in line with the dominant market trends, while the CEO's pay has remained unchanged. Note that the CEO of the Company is one of its main shareholders through Baltic Champs Group, UAB, which he controls. For more information regarding remunerations, see section 3.5. Remuneration Report.

CEO's salary in 2022 remained unchanged compared to previous years. Median salaries of employees in 2022 reached EUR 1,548 and was 9% higher, compared to previous year.

Gender Pay Ratio

Ratio of men's and women's median salaries	2022	2021	2020
Workers	1.28	1.22	1.19
Management	1.33	1.31	1.84
Specialists	1.16	1.18	1.26
Total:	**1.22**	**1.22**	**1.28**

The work of each employee is evaluated according to the results achieved in his or her field, and the Group does not tolerate different remuneration for the same type of work. In 2022, the median pay ratio for AUGA group employees of different genders remained the same as in 2021 and reached 1.22, while in 2020 the figure was 1.28. The higher salaries of men at AUGA group are due to the positions they hold and their competences. AUGA group conducts all its activities in one region, Lithuania, therefore the data are not distinguished by country and geographical regions.

Additional Incentives for Employees

One way the Group seeks to continuously motivate its employees is through a share option programme. AUGA group has offered this incentive for four years. In 2022, 238 employees participated in the programme, of whom 26 were new participants. Further information regarding the share option programme is presented in section 3.6.3. Share Option Programme.

Additional financial incentives are provided to AUGA group's employees for significant performance achievements. In 2022, additional financial incentives were given to 62 employees. The Group's employees are also encouraged through symbolic appreciation bonuses at the end of the year. In 2022, a total of 1,175 employees received such bonuses.

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

Collective Agreements

In 2022 AUGA group did not conclude any collective agreements with employees (0%). Employees are not prohibited from taking the initiative to create employee associations defined in the Labour Code or implementing other social partnerships, as far as the relations between the employer and employees are concerned or conducting collective negotiations. The Group, in accordance with Human Rights, Non-Discrimination, Children and Forced Labour Policy, does not support disciplinary or discriminatory actions

Nasdaq S1 Nasdaq S2 Nasdaq V3 Nasdaq V4

GRI 2-19 GRI 2-20 GRI 2-21 GRI 2-30 GRI 405-2 against employees, who choose to join associations peacefully and lawfully. According to the guidelines set out in the policy, employees of the Group are prohibited from using any form of intimidation to prevent other employees from exercising their right to join or not to join any association.

4.4.5. Health and Safety

Occupational Health and Safety Policy

AUGA group considers it extremely important for the Group to ensure a safe working environment for its employees. Employee safety is seen as one of the top priorities in all operations of AUGA group. Under its Occupational Health and Safety Policy, the Group continuously strives to improve the working environment for its employees, the rules for safety at work and their implementation mechanisms. The Occupational Health and Safety Policy is published on the AUGA group website.

Additionally, at least once a year, the Group conducts periodic work safety and health audits. The process is overseen by qualified external consultants from two companies that specialise in work safety matters. They are thus responsible for training employees, preparing, revising and improving job instructions, investigating accidents at work and preparing their prevention plans, and making suggestions for improving general work safety. Companies of the Group are periodically inspected by the State Labour Inspectorate. During the reporting year, no fines were received for work safety violations and no significant non-compliances were recorded. The Group does not have a unified occupational safety and health system that meets ISO standards. Specialised requirements apply for specific areas of activity. Every new employee of the Group must familiarise themself with the rules and update this knowledge regularly. AUGA group expects that all its business partners to adhere to these occupational safety and health principles as well and therefore reminds them about that every year.

Accidents at Work

AUGA group operates in the agricultural sector where manual work is common. Each employee working in the Group is provided with safety and health instructions specifically suited to their duties, which detail the main possible risks in the workplace and explain how to avoid them. All employees, when they start working for the Group, are required to familiarise themselves with these instructions and periodically updated that knowledge. In 2022, the Group registered 14 accidents, in which workers suffered minor injuries, such as: minimal bodily injury from a fall or rupture of a finger tendon. The workers involved recovered quickly, and none of them suffered long-term disability resulting from the injury. No workplace accidents were observed in 2022 among seasonal workers, who work on the basis of payment receipts. As in previous years, no deaths were recorded at the workplace during the year.

The Group's companies aim to reduce the risk of potential injuries at work, with the goal of reducing this risk to 0. For this reason, safety procedures are regularly reviewed, employees receive training on safe working processes, risks are discussed, and attention is paid to the introducing safety measures to prevent accidents at work. In 2022, there were 0.0114 accidents per employee (or 0.00066% of all working hours, i.e. 2,129,237 hours). In 2021, the figure was 0.0105 per employee (or 0.0006% of all working hours). In 2022, the accident rate per million hours worked was 6.58. Seasonal workers are not included in this number.

Health and Safety Training of Employees

In 2022, AUGA group carried out health and safety training for employees in their production units on the following topics: general health and safety training; loading of goods with a forklift, electric forklift and manually; working with animals; and metal processing equipment.

Supplementary Health Insurance

AUGA group cares about the health of its employees and provides supplementary health insurance for all workers employed under a permanent contract for more than three months. Seasonal workers do not receive additional health insurance. Supplementary health insurance allows employees to receive services at all healthcare institutions, enables early healthcare of the insured, ensures help when the unexpected happens, and saves time for getting to healthcare.

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

Happily, the Group's data shows that AUGA group's employees are using the possibility for medical examinations and are enhancing their health more often.

Nasdaq S7 Nasdaq S8

GRI 403-1 GRI 403-5 GRI 403-6 GRI 403-9

BRCGS Food Safety CERTIFICATED

Ensuring Consumer Health and Safety

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

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

All companies of the Group and third-party manufacturers that produce AUGA products have food safety management systems in place. The Group's company Grybai LT, which produces ready-to-eat soups and other preserved products, is certified under the BRCGS international food safety standard.

Data Protection

AUGA group has a privacy policy in place in order to ensure the protection of private personal data of employees. The Group also responsibly complies with the general legal acts regarding the protection of natural persons in the processing and free movement of personal data. AUGA group also complies with Lithuania’s legal system for the protection of personal data as per Regulation (EU) 2016/679 of the European Parliament and Council.

4.4.6. Other Information

Assessment of Employee Engagement

In 2022, AUGA group conducted a survey to calculate its Employee Net Promoter Score (eNPS)[4]. The rate of employee participation in the study reached 87%. The majority of employees who participated in the study, i.e., 58% would recommend AUGA group to their friends, family or business partners. On a scale of -100% to 100%, the overall eNPS score was 45%. According to global trends, AUGA group's overall employee satisfaction rate is rated as very good.

Support for Ukraine

AUGA group has contributed to initiatives that support war-torn Ukraine. The Group donated money to the non-governmental organization "Blue/Yellow", which supports Ukrainian soldiers by non-lethal means, and to the National Cancer Institute, which, since the beginning of the war, has been treating patients, who arrived from Ukraine to Lithuania. AUGA group has also given humanitarian aid by providing organic food products produced by AUGA together with purchased diapers. The total value of all support in 2022 was nearly EUR 60,000.

[4] The eNPS indicator is calculated as follows: survey participants are asked the question "How likely would you recommend AUGA group as an employer to your acquaintances?”, then they are divided into three groups "Recommenders", "Passives" and "Disappointed". Recommenders are those who chose ratings 9-10, Passives - 7-8, Disappointed - 0-6. NPS is obtained by counting the percentage of Recommenders and subtracting the percentage of Disappointed, dividing it by all those who participated in the survey. The resulting percentage number describes the company's NPS, which can range from -100 to 100.

4.5. GRI Indicators

GRI indicator	Title	Page
	GRI 2: General Disclosures 2021	
	1. The Organisation and its Reporting Practices	
2-1	Organisational Details	6
2-2	Entities Included in the Organisation's Sustainability Reporting	xx
2-3	Reporting Period, Frequency, and Contact Point	42
2-4	Restatements of Information	42
2-5	External Assurance	42
	2. Activities and Workers	
2-6	Activities, Value Chain and Other Business Relationships	6, 9, 10, 11
2-7	Employees	66
2-8	Workers Who Are Not Employees	66
	3. Governance	
2-9	Governance Structure and Composition	8, 32, 36
2-10	Nomination and Selection of the Highest Governance Body	32, 36 34
2-11	Chair of the Highest Governance Body	32, 36
2-12	Role of Highest Governance Body in Overseeing the Management of Impacts	32, 31
2-13	Delegation of Responsibility for Managing Impacts	32
2-14	Role of the Highest Governance Body in Sustainability Reporting	32, 43
2-15	Conflicts of Interest	48
2-16	Communication of Critical Concerns	48
2-17	Collective Knowledge of the Highest Governance Body	43
2-18	Evaluation of the Performance of the Highest Governance Body	34
2-19	Remuneration Policies	68
2-20	Process to Determine Remuneration	68
2-21	Annual Total Compensation Ratio	68
	4. Strategy, Policies and Practices	
2-22	Statement on Sustainable Development Strategy	44
2-23	Policy Commitments	48
2-24	Embedding Policy Commitments	48
2-25	Processes to Remediate Negative Impacts	48
2-26	Mechanisms for Seeking Advice and Raising Concerns	48
2-27	Compliance with Laws and Regulations	40
2-28	Membership Associations	49
	5. Stakeholder Engagement	
2-29	Approach to Stakeholder Engagement	46

4.6. Nasdaq ESG Indicators

Nasdaq indicator	Title	Page
	Environmental Indicators	
E1	GHG Emissions	55
E2	Emissions Intensity	56
E3	Energy Usage	59
E4	Energy Intensity	60
E5	Energy Mix	59
E6	Water Usage	60
E7	Environmental Operations	62
E8	Climate Oversight / Board	62
E9	Climate Oversight / Management	62
E10	Climate Risk Mitigation	63
	Social Indicators	
S1	CEO Pay Ratio	68
S2	Gender Pay Ratio	68
S3	Employee Turnover	67
S4	Gender Diversity	66
S5	Temporary Worker Ratio	66
S6	Non-Discrimination	33
S7	Injury Rate	54
S8	Global Health & Safety	54
S9	Child & Forced Labour	48
S10	Human Rights	48
	Corporate Governance Indicators	
G1	Board Diversity	66
G2	Board Independence	32
G3	Incentivized Pay	68
G4	Collective Bargaining	68
G5	Supplier Code of Conduct	48
G6	Ethics & Anti-Corruption	48
G7	Data Privacy	70
G8	ESG Reporting	42
G9	Disclosure Practices	42
G10	External Assurance	42

4.7. UN Global Compact Indicators

UN Global Compact Objectives		Page
Human rights	Support and respect the protection of internationally proclaimed human rights.	48
	Ensure that the Company does not contribute to human rights violations.	48
Forced Labour	Uphold the freedom of workers association and effective recognition of the right to collective bargaining.	68
	Support the elimination of all forms of forced and compulsory labour.	48
	Ensure effective abolition of child labour.	48
	Aim to eliminate discrimination in respect of employment and occupation.	48
Environment	Apply preventive measures to ensure environmental protection.	62
	Undertake initiatives to promote greater environmental responsibility.	62
	Encourage the development and diffusion of environmentally friendly technologies.	63
Anti-Corruption	Work against corruption in all its forms, including extortion and bribery.	48

SUSTAIN ADVISORY

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Independent Assurance Statement

To the stakeholders of AUGA group, AB.

We were engaged by AUGA group, AB (hereinafter - AUGA group) to provide independent limited assurance of its Sustainability Report 2022 (hereinafter - Sustainability Report), which is published as part of its Consolidated Annual Report 2022 ("Sustainability report" and other parts of the Consolidated Annual Report, where specific pages are indicated in the "List of GRI indicators" section of the Sustainability Report, of the "AUGA GROUP, AB Consolidated Annual Report, Consolidated and Separate Financial Statements and Independent Auditor's Report for the Year ended 31 December 2022").

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

Scope of Assurance

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

Methodology

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

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

Our independent assurance engagement took place from 2nd to 23rd March 2023. During the engagement process AUGA group were allowed to make minor adjustments in the Sustainability Report where necessary to fully comply with the GRI requirements.

Conclusion

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

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Limitations

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

Independence, Impartiality and Competence

Sustain Advisory is an independent specialised sustainability consulting company. Our team of certified sustainability specialists has trained and consulted over 150 companies in Lithuania and internationally on adopting best practices of sustainability reporting, policy and strategy creation, GHG calculation and more. Therefore, we have excellent practical and theoretical knowledge required to perform this assurance.

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

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

Ieva Kazakeviciute
Director
“Sustain Advisory”
23rd March 2023

Statement of verification

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

24 March 2023

Scope
AUGA Group AB engaged Carbon Footprint Ltd to verify its greenhouse gas (GHG) emissions assessment and supporting evidence for the period **1st January 2022 to 31st December 2022**. AUGA is responsible for the information within the GHG inventory. The responsibility of Carbon Footprint Ltd is to provide a conclusion as to whether the statements made are in accordance with the GHG Protocol.

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

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

Scope 1: enteric fermentation, managed soil, manure management, fossil fuels and refrigerant loss **– 62 494.71 tCO_2e**

Scope 2: purchased electricity & district heating **– 3 024.77 tCO_2e** (location-based) and **7.78 tCO_2e** (market-based)

Scope 3: business travel (air), electricity & district heating transmission losses, paper & packaging materials, waste disposal and water consumption **– 5 202.05 tCO_2e** (location-based) and **4 960.69 tCO_2e** (market-based)

Location-based total: 70 721.53 tCO_2e
Market-based total: 67 463.18 tCO_2e

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

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

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

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

Balance sheets

		As at 31 December			
		GROUP		COMPANY	
ASSETS	**Notes**	**2022**	**2021**	**2022**	**2021**
Non-current assets					
Property, plant and equipment	5	93,711	92,053	2,749	2,597
Right-of-use assets	6	48,322	47,204	577	658
Investments in subsidiaries	7	-	-	106,688	106,675
Intangible assets	8	5,243	3,485	1,753	10
Trade and other receivables	11	518	449	5,817	-
Investments accounted for under the equity method		57	57	-	-
Deferred income tax assets	19	2,919	2,089	-	-
Biological assets	9	10,515	9,993	-	-
Total non-current assets		**161,285**	**155,330**	**117,584**	**109,940**
Current assets					
Biological assets	9	19,883	19,398	-	-
Inventories	10	35,241	24,096	28	7
Trade and other receivables	11	7,832	6,539	2,708	4,181
Other current assets	12	3,840	4,355	365	336
Cash and cash equivalents	13	3,337	2,446	9	10
		70,133	**56,834**	**3,110**	**4,534**
Assets held for sale		-	315	**-**	**-**
Total current assets		**70,133**	**57,149**	**3,110**	**4,534**
TOTAL ASSETS		**231,418**	**212,479**	**120,694**	**114,474**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	15	66,617	65,951	66,617	65,951
Share premium	15	6,707	6,707	6,707	6,707
Legal reserve	15	2,041	2,041	2,041	2,041
Revaluation reserve	15	13,565	10,250	-	-
Reserve for share-based payments to employees	15	2,829	3,002	2,829	3,002
Retained earnings		(14,654)	(9,329)	7,507	9,827
Equity attributable shareholders of the Company		**77,105**	**78,622**	**85,701**	**87,528**
Non-controlling interest		428	358	-	-
Total equity		**77,533**	**78,980**	**85,701**	**87,528**
Non-current liabilities					
Borrowings	16	37,160	46,115	24,446	21,633
Lease liabilities	17	39,750	37,641	433	516
Grants	18	4,463	3,105	842	953
Deferred income tax liabilities	19	1,863	1,553	-	-
Total non-current liabilities		**83,236**	**88,414**	**25,722**	**23,102**
Current liabilities					
Borrowings	16	32,638	11,350	7,588	2,728
Lease liabilities	17	7,479	7,878	143	151
Trade payables	20	25,352	19,482	846	388
Other amounts payable	21	5,180	6,375	695	577
Total current liabilities		**70,649**	**45,085**	**9,272**	**3,844**
Total liabilities		**153,885**	**133,499**	**34,993**	**26,946**
TOTAL EQUITY AND LIABILITIES		**231,418**	**212,479**	**120,694**	**114,474**

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

These financial statements were approved and signed on 17 April 2023.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

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

Statements of profit or loss and other comprehensive income

STATEMENT OF PROFIT OR LOSS		Year ended 31 December			
		GROUP		COMPANY	
	Notes	2022	2021	2022	2021
Revenue	22	80,088	71,721	3,878	3,254
Dividends from subsidiaries	26	-	-	2,057	2,359
Cost of sales	22, 23	(67,519)	(61,841)	(8)	-
Change in fair value of biological assets	9, 22	2,701	(5,928)	-	-
GROSS PROFIT		**15,270**	**3,952**	**5,927**	**5,613**
Selling expenses	24	(2,612)	(2,218)	(1,612)	(1,199)
Administrative expenses	25	(10,153)	(9,508)	(4,685)	(3,976)
Net impairment loss of financial assets		(202)	(2,635)	-	-
Other income	27	444	590	155	258
Other gain/(loss), net	28	352	-	2	21
OPERATING PROFIT		**3,099**	**(9,819)**	**(214)**	**717**
Finance costs	29	(7,537)	(6,459)	(2,203)	(1,841)
PROFIT/(LOSS) BEFORE INCOME TAX		**(4,438)**	**(16,278)**	**(2,417)**	**(1,124)**
Income tax	19	(913)	843	-	-
NET PROFIT/(LOSS) FOR THE YEAR		**(5,351)**	**(15,435)**	**(2,417)**	**(1,124)**
NET PROFIT ATTRIBUTABLE TO:					
Shareholders of the Company		(5,421)	(15,427)	(2,417)	(1,124)
Non-controlling interest		70	(8)	-	-
Basic and diluted earnings/(loss) per share (EUR)	30	(0.02)	(0.07)	(0.01)	(0.01)
STATEMENT OF OTHER COMPREHENSIVE INCOME					
NET PROFIT/(LOSS) FOR THE PERIOD		**(5,351)**	**(15,435)**	**(2,417)**	**(1,124)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Revaluation of land, before tax	5	1,881	1,221	-	-
Deferred income tax liability on revaluation of land	19	1,433	(183)	-	-
Total other comprehensive income		3,314	1,038	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(2,037)**	**(14,397)**	**(2,417)**	**(1,124)**
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:					
Shareholders of the Company		(2,107)	(14,389)	(2,417)	(1,124)
Non-controlling interest		70	(8)	-	-
		(2,037)	(14,397)	(2,417)	(1,124)

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

These financial statements were approved and signed on 17 April 2023.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

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

Statements of changes in equity

GROUP	Equity attributable to shareholders of the Company								
	Share capital	Share premium	Revaluation reserve	Reserve for share-based payments to employees	Legal reserve	Retained earnings/ (deficit)	Equity attributable to shareholders of the Company	Non-controlling interest	Total
Balance at 1 January 2021	**65,951**	**6,707**	**9,213**	**2,509**	**1,834**	**6,237**	**92,450**	**366**	**92,816**
Comprehensive income									
Net (loss) for the year	-	-	-	-	-	(15,427)	(15,427)	(8)	**(15,435)**
Other comprehensive income									
Revaluation of land after income tax effect (Notes 5, 19)	-	-	1,038	-	-	-	1,038	-	**1,038**
Total comprehensive income	-	-	1,038	-	-	(15,427)	(14,389)	(8)	**(14,397)**
Share-based payment (Note 15)	-	-	-	-	-	562	562	-	**562**
Transfer to legal reserve (Note 15)	-	-	-	-	207	(207)	-	-	**-**
Transfer to reserve for share-based payments to employees (Note 15)	**-**	**-**	**-**	493	-	(493)	**-**	**-**	**-**
Balance at 31 December 2021	**65,951**	**6,707**	**10,251**	**3,002**	**2,041**	**(9,328)**	**78,623**	**358**	**78,980**
Comprehensive income									
Net profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	(5,421)	(5,421)	70	**(5,351)**
Other comprehensive income									
Revaluation of land after income tax effect (Notes 5, 19)	-	-	3,314	-	-	-	3,314	-	**3,314**
Total comprehensive income	-	-	3,314	-	-	(5,421)	(2,107)	70	**(2,037)**
Share-based payment (Note 15)	-	-	-	-	-	589	589	-	**589**
Transfer to reserve for share-based payments to employees (Note 15)	-	-	-	493	-	(493)	-	-	**-**
Issue of new shares (Note 15)	**666**	**-**	**-**	(666)	-	-	**-**	**-**	**-**
Balance at 31 December 2022	**66,617**	**6,707**	**13,565**	**2,829**	**2,041**	**(14,654)**	**77,105**	**428**	**77,533**

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

These financial statements were approved and signed on 17 April 2023.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

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

COMPANY	**Share capital**	**Share premium**	**Reserve for share-based payments to employees**	**Legal reserve**	**Retained earnings/(deficit)**	**Total**
Balance at 1 January 2021	**65,951**	**6,707**	**2,509**	**1,834**	**11,089**	**88,090**
Comprehensive income						
Net (loss) for the year	-	-	-	-	(1,124)	**(1,124)**
Total comprehensive income	-	-	-	-	(1,124)	**(1,124)**
Share-based payment (Note 15)	-	-	-	-	562	**562**
Transfer to legal reserve (Note 15)	-	-	-	207	(207)	**-**
Transfer to reserve for share-based payments to employees (Note 15)	-	-	493	-	(493)	**-**
Balance at 31 December 2021	**65,951**	**6,707**	**3,002**	**2,041**	**9,827**	**87,528**
Comprehensive income						
Net (loss) for the year	-	-	-	-	(2,417)	**(2,417)**
Total comprehensive income	**-**	**-**	**-**	**-**	(2,417)	**(2,417)**
Share-based payment (Note 15)	-	-	-	-	589	**589**
Transfer to reserve for share-based payments to employees (Note 15)	-	-	493	-	(493)	**-**
Issue of new shares (Note 15)	666	-	(666)	-	-	**-**
Balance at 31 December 2022	**66,617**	**6,707**	**2,829**	**2,041**	**7,507**	**85,701**

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Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

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

Statements of cash flows

		Year ended 31 December			
		GROUP		COMPANY	
Cash flows from operating activities	**Notes**	**2022**	**2021**	**2022**	**2021**
Net profit/(loss) before income tax		**(4,438)**	**(16,278)**	**(2,417)**	**(1,124)**
Adjustments for non-cash items of expenses/(income) and other adjustments					
Depreciation expenses (PP&E)	5	6,661	7,811	259	246
Depreciation expenses (ROU assets)	6	8,062	6,482	131	132
Amortisation expenses	8	16	10	6	2
Share-based payment expenses recognised in profit or loss	15, 25	589	562	589	562
Write-offs of PP&E		5	68	-	45
Reversal of impairment of PP&E	5	(393)	-	-	-
(Gain) loss on disposal of PP&E	28	(297)	72	(3)	-
Loss allowance for amounts receivable and write-off of debts	11	202	2,557	-	-
Write-down allowance for inventories and biological assets	23	2,150	4,756	-	-
Interest income	27	(40)	(349)	(30)	(106)
Finance costs	29	4,815	3,892	2,153	1,800
Interest costs on ROU assets	29	2,722	2,567	25	41
Dividends from subsidiaries	26	-	-	(2,057)	(2,359)
(Gain)/loss on change in fair value of biological assets	22	(2,701)	5,928	-	-
Amortisation of assets-related grants	18	(473)	(523)	(111)	(149)
Inventory write-down allowance	10	(2)	287	-	-
Changes in working capital					
(Increase) decrease in biological assets		1,529	(9,347)	-	-
(Increase) decrease in trade receivables and prepayments		(1,031)	2,616	(4,373)	(918)
(Increase) decrease in inventory		(13,293)	1,296	(21)	4
(Decrease) increase in trade and other payables		4,140	1,596	892	(24)
		8,223	**14,003**	**(4,956)**	**(1,848)**
Interest paid		(7,532)	(5,863)	(2,171)	(1,449)
Net cash flows from//(to) operating activities		**691**	**8,140**	**(7,127)**	**(3,297)**
Cash flows from investing activities					
Acquisition of PP&E	5	(7,208)	(7,015)	(1,434)	(1,119)
Acquisition of intangible assets	8	(753)	(18)	(727)	(7)
Acquisition of subsidiaries	7	-	(2)	(16)	-
Disposal of subsidiaries	7	-	-	3	-
Disposal of PP&E	28	730	194	5	-
Assets-related grants received from the NPA	18	1,831	380	-	380
Dividends from subsidiaries	26	-	-	2,057	2,359
Repayments of loans grated		-	574	-	-
Loans granted		-	-	-	-
Net cash flows from//(to) investing activities		**(5,400)**	**(5,887)**	**(112)**	**1,613**
Cash flows from financing activities					
Bonds		6,000	-	6,000	-
Repayment of borrowings from credit institutions		(4,057)	(13,948)	(600)	(272)
Proceeds from borrowings from credit institutions		10,096	18,789	1,978	1,852
Repayment of borrowings other than from credit institutions		-	(753)	-	-
Payments received under supplier financing arrangement		11,515	9,260	-	-
Payments made to financial institutions under supplier financing arrangement		(10,685)	(6,470)	-	
Lease payments		(7,269)	(9,226)	(141)	(187)
Net cash flows from/(to) financing activities		**5,600**	**(2,348)**	**7,237**	**1,393**
Net (decrease) / increase in cash and cash equivalents		**891**	**(95)**	**(1)**	**(291)**
Cash and cash equivalents in the beginning of the period		**2,446**	**2,541**	**10**	**301**
Cash and cash equivalents at the end of the period		**3,337**	**2,446**	**9**	**10**

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

These financial statements were approved and signed on 17 April 2023.

Kęstutis Juščius
Chief Executive Officer

Mindaugas Ambrasas
Chief Financial Officer

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

Notes to the financial statements

1. General Information

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

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

The Company's main business activity is management of agricultural companies in Lithuania. The main areas of operation of the Group are as follows: growing and sale of agricultural crops, production and sale of milk, growing and sale of mushrooms, production and sale of consumer packaged goods. As at 31 December 2022, the Group had 1,226 employees (2021: 1,199 employees).
The ultimate parent company of AUGA Group AB is Baltic Champs Group UAB which is wholly (100%) owned by ultimate controlling party Kęstutis Juščius.

Shareholders holding over 5% of shares in the Company:

	At 31 December 2022		At 31 December 2021	
Shareholder's name	**Number of shares**	**Interest held, %**	**Number of shares**	**Interest held, %**
Baltic Champs Group UAB	126,686,760	55.15	126,686,760	55.71
European Bank for Reconstruction and Development	19,810,636	8.62	19,810,636	8.71
Žilvinas Marcinkevičius	15,919,138	6.93	15,919,138	7.00
Minority shareholders	67,297,568	29.30	64,999,718	28.58
Total	**229,714,102**	**100.00**	**227,416,252**	**100.00**

The Company's shares are listed on the Baltic Main List of Nasdaq Vilnius Stock Exchange. The Company's shares were also traded on Warsaw Stock Exchange (WSE). On 6 December 2021 the Company requested the Polish Financial Supervisory Authority to exclude from WSE trading the shares of the Company. The request was filed in relation to execution of a tender delisting offer of the Company's shares from WSE trading, and based on the decision passed by of the Company's General Meeting of Shareholders. The request was satisfied.

On 14 March 2022, the Polish Financial Supervisory Authority adopted a decision to satisfy the request to exclude from WSE trading the shares of the Company with effect from 8 April 2022. As from this date, the SWE Board also resolved to exclude from WSE trading the shares of the Company. In relation to the delisting, the last trading day of the Company's shares on WSE regulated market was 7 April 2022.

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

As of 31 December 2022, the consolidated group (hereinafter the "Group") consisted of the Company and 139 subsidiaries (31 December 2021: 127). In 2022, as a result of implementation of changes in organisational structure, the Company established 15 new entities: Agrarinis Fondas UAB, Elksnis UAB, Antakys UAB, Audenė UAB, Erdva UAB, Adyna UAB, Šiaurinis Fondas UAB, Mildažis UAB, Urtum UAB, Šiaurės Rytų Fondas UAB, Vidurio Fondas UAB, Idėjų Ūkis UAB, Rudagėlė UAB, Lagūnas UAB and AUGA SOFA UAB. In 2021, the Company acquired 100% shareholding in Grain LT UAB from another Group entity AUGA Grūduva UAB. In 2021 9 dormant Group entities were sold: Turvaste Partners OÜ, Nakamaa Agro OÜ, Hindaste Invest OÜ, Tuudi River OÜ, Palderma Partners OÜ, Ave-Martna Capital OÜ, Hobring Invest OÜ, Rukkirahu Capital OÜ, and Pahasoo OÜ. Rinkuškiai reclamation infrastructure users association in Biržai district was deregistered. The list of subsidiaries included in the Group's consolidated financial statements in 2022 and 2021 is provided in the table below.

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

No.	Name of subsidiary	Legal form	Legal entity code	Address, registration date and place	Profile of activities	Group‘s ownership interest, %	
						31/12/2022	31/12/2021
1.	UAB Baltic Champs	*4	302942064	Šiaulių r., PovilIškių k., 15, Registration place: Šiaulių r. sav., Registration date: 21/12/2012	**A	100,00%	100,00%
2.	UAB AVG Investment	*4	300087691	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 10/02/2005	**G	100,00%	100,00%
3.	UAB AWG Investment 1	*4	301745765	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 01/06/2008	**G	100,00%	100,00%
4.	UAB AWG Investment 2	*4	301807590	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 24/07/2008	**G	100,00%	100,00%
5.	UAB AGROSS	*4	301807601	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 24/07/2008-07-24	**H	100,00%	100,00%
6.	UAB Grain LT	*4	302489354	Vilniaus m. sav., Vilnius, Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 17/03/2010	**H	100,00%	100,00%
7.	UAB AgroGIS	*4	302583978	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 18/01/2011	**D	95,00%	95,00%
8.	UAB Agro Management Team	*4	302599498	Jonavos r. sav. Bukonių k. Lankesos g. 2, Registration place: Jonavos r. sav., Registration date: 02/03/2011	**E	100,00%	100,00%
9.	UAB Agrotechnikos centras	*4	302589187	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 03/02/2011	**F	100,00%	100,00%
10.	UAB AUGA trade	*4	302753875	Jonavos r. sav. Bukonių k. Lankesos g. 2, Registration place: Jonavos r. sav., Registration date: 29/02/2012	**H	100,00%	100,00%
11.	ŽŪB Žemės fondas	*1	300558595	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 07/04/2006	**E	100,00%	100,00%
12.	UAB Žemės vystymo fondas 6	*4	300589719	Vilniaus m. sav. Vilniaus m. Smolensko g. 10, Registration place: Vilniaus m. sav., Registration date: 10/08/2006	**E	100,00%	100,00%
13.	UAB Žemės vystymo fondas 9	*4	300547638	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 09/03/2006	**E	100,00%	100,00%
14.	UAB Žemės vystymo fondas 10	*4	301522723	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 10/01/2008	**E	100,00%	100,00%
15.	UAB Žemės vystymo fondas 20	*4	300887726	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 22/06/2007	**B	100,00%	100,00%
16.	UAB AUGA Grūduva	*4	174401546	Šakių r. sav. Gotlybiškių k., Registration place: Šakių r. sav., Registration date: 24/02/1997	**A	98,98%	98,97%
17.	ŽŪB AUGA Spindulys	*1	171330414	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13, Registration place: Radviliškio r. sav., Registration date: 09/04/1993	**A	99,99%	99,99%
18.	ŽŪB AUGA Smilgiai	*1	168548972	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1, Registration place: Panevėžio r. sav, Registration date: 16/09/1992	**A	99,98%	100,00%
19.	ŽŪB AUGA Skėmiai	*1	171306071	Kėdainių g. 13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date:01/10/1992	**A	100,00%	100,00%
20.	ŽŪB AUGA Nausodė	*1	154179675	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Anykščių r. sav., Registration date: 11/08/1992	**A	99,94%	99,93%
21.	ŽŪB AUGA Dumšiškės	*1	172276179	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 29/09/1992	**A	99,38%	99,88%
22.	ŽŪB AUGA Žadžiūnai	*1	175706853	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 30/06/1992	**A	99,81%	99,81%
23.	ŽŪB AUGA Mantviliškis	*1	161274230	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios g. 60, Registration place: Kėdainių r. sav., Registration date: 06/11/1992	**A	99,94%	99,94%
24.	ŽŪB AUGA Alanta	*1	167527719	Molėtų r. sav. Kazlų k. Skiemonių g. 2A, Registration place: Molėtų r. sav., Registration date: 29/06/1992	**A	99,99%	99,99%
25.	ŽŪB AUGA Eimučiai	*1	175705032	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 29/06/1992	**A	99,24%	99,24%
26.	ŽŪB AUGA Vėriškės	*1	171305165	Radviliškio r., Skėmiai, Kėdainių g. 13, Registration place: Radviliškio r. sav., Registration date: 29/09/1992	**A	99,93%	99,93%
27.	ŽŪB AUGA Želsvelė	*1	165666499	Marijampolės sav., Želsvos k., Želsvelės g. 1, Registration place: Marijampolės sav., Registration date: 03/07/1992	**A	99,86%	99,86%
28.	ŽŪB AUGA Lankesa	*1	156913032	Jonavos r. sav. Bukonių k., Registration place: Jonavos r. sav., Registration date: 06/04/1999	**A	99,59%	96,91%
29.	ŽŪB AUGA Kairėnai	*1	171327432	Radviliškio r. sav. Kairėnų k., Registration place: Radviliškio r. sav., Registration date: 02/03/1993	**A	98,47%	98,47%
30.	ŽŪB AUGA Jurbarkai	*1	158174818	Jurbarko r. sav. Klišių k. Vytauto Didžiojo g. 99, Registration place: Jurbarko r. sav., Registration date: 31/07/1992	**A	98,47%	98,46%
31.	ŽŪB AUGA Gustoniai	*1	168565021	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15, Registration place: Panevėžio r. sav, Registration date: 09/12/1992	**A	100,00%	100,00%
32.	KB Siesarčio ūkis	*3	302501098	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Šakių r. sav., Registration date: 21/04/2010	**A	99,93%	99,44%
33.	KB Kašėta	*3	302501251	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 21/04/2010	**A	99,93%	99,44%
34.	ŽŪB Gustonys	*1	302520102	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Panevėžio r. sav, Registration date: 08/06/2010	**E	100,00%	100,00%
35.	ŽŪB Skėmių pienininkystės centras	*1	302737554	Radviliškio r. sav. Skėmių k. Alyvų g. 1, Registration place: Radviliškio r. sav., Registration date: 05/03/2012	**A	-	48,67%
36.	ŽŪK AgroBokštai	*3	302485217	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 02/03/2010	**A	99,64%	97,94%
37.	KB Dotnuvėlės valdos	*3	302618614	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 21/04/2011	**A	99,92%	99,22%
38.	KB Nevėžio lankos	*3	302618596	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios g. 60, Registration place: Kėdainių r. sav., Registration date: 21/04/2011	**A	99,61%	96,51%
39.	KB Radviliškio kraštas	*3	302618742	Kėdainių g.13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 20/04/2011	**A	99,67%	98,67%
40.	KB Šventosios pievos	*3	302618201	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 20/04/2011	**A	99,26%	96,36%
41.	ŽŪK Kairių ūkis	*3	302615194	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15, Registration place: Panevėžio r. sav, Registration date: 13/04/2011	**A	99,70%	98,68%

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

No.	Name of subsidiary	Legal form	Legal entity code	Address, registration date and place	Profile of activities	Group's ownership interest, %	
						31/12/2022	31/12/2021
42.	ŽŪK Šiaurinė valda	*3	302615187	Akmenės r. sav. Ramučių k. Klevų g. 11, Registration place: Šiaulių r. sav., Registration date: 13/04/2011	**A	99,30%	96,15%
43.	KB Šušvės žemė	*3	302618767	Kelmės r. sav. Pašiaušės k. Vilties g. 2, Registration place: Kelmės r. sav., Registration date: 21/04/2011	**A	99,64%	98,43%
44.	KB Žalmargėlis	*3	303145954	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 23/09/2013	**A	99,53%	98,32%
45.	KB Juodmargėlis	*3	303159014	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 03/10/2013	**A	99,81%	99,35%
46.	KB AgroMilk	*3	302332698	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 23/04/2009	**A	99,34%	96,28%
47.	KB Purpurėja	*3	302542337	Širvintų r. sav. Širvintų k. Zosinos g. 8, Registration place: Širvintų r. sav., Registration date: 02/09/2010	**A	99,93%	99,53%
48.	UAB Bukonių ekologinis ūkis	*4	302846621	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 23/08/2012	**A	100,00%	100,00%
49.	UAB Agrosaulė 8	*4	302846105	Vilniaus m. sav. Vilniaus m. Smolensko g. 10-100, Registration place: vilniaus m. sav., Registration date: 23/08/2012	**G	100,00%	100,00%
50.	Pasvalys district, Pušalotas reclamation infrastructure users association	*2	302465563	Pasvalio r. sav. Diliauskų k. Diliauskų g. 23, Registration place: Pasvalio r. sav., Registration date: 11/12/2009	**A	-	48,67%
51.	Skėmiiai reclamation infrastructure users association	*2	303170256	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 22/10/2013	**A	49,62%	48,67%
52.	Vaitiekūnai reclamation infrastructure users association	*2	303170306	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 22/10/2013	**A	49,62%	48,67%
53.	Association Grūduvos Melioracija	*2	302567116	Šakių r. sav. Gotlybiškių k. Mokyklos g. 2, Registration place: Šakių r. sav., Registration date: 23/11/2010	**A	66,33%	65,81%
54.	Pauliai reclamation infrastructure users association	*2	303169909	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 11/12/2009	**A	-	100,00%
55.	Nausodė reclamation infrastructure users association	*2	304219592	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 22/10/2013	**A	71,42%	70,74%
56.	UAB AUGA Community	*4	302820808	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**A	100,00%	100,00%
57.	UAB AUGA Tech	*4	302820797	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 16/07/2012	**A	100,00%	100,00%
58.	UAB Arnega	*4	302661957	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 13/08/2011	**A	100,00%	100,00%
59.	AgroSchool OÜ	*6	12491954	Harju maakond, Talinas, Kesklinna linnaosa, Lai tn 32-8, 10133 , Registration place: Estonia, Registration date: 15/07/2013	**G	100,00%	100,00%
60.	VŠĮ AgroSchool	*5	303104797	Vilniaus m. sav. Vilniaus m. Smolensko g. 10-100, Registration place: Vilniaus m. sav., Registration date: 22/07/2013	**C	50,00%	50,00%
61.	UAB AUGA Ramučiai	*4	302854479	Akmenės r. sav. Ramučių k. Klevų g. 11, Registration place: Akmenės r. sav., Registration date: 08/09/2012	**A	100,00%	100,00%
62.	UAB AUGA Luganta	*4	300045023	Kelmės r. sav. Pašiaušės k. , Registration place: Kelmės r. sav., Registration date: 05/09/2012	**A	100,00%	100,00%
63.	UAB eTime invest	*4	300578676	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Vilniaus m. sav., Registration date: 09/06/2014	**G	100,00%	100,00%
64.	UAB ŽVF Projektai	*4	300137062	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration place: Jonavos r. sav., Registration date: 27/12/2012	**E	52,62%	52,62%
65.	ŽŪB Alantos ekologinis ūkis	*1	303324747	Molėtų r. sav. Kazlų k. Skiemonių g. 2A, Registration place: Molėtų r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
66.	ŽŪB Dumšiškių ekologinis ūkis	*1	303324722	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
67.	ŽŪB Eimučių ekologinis ūkis	*1	303324715	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
68.	ŽŪB Grūduvos ekologinis ūkis	*1	303324804	Šakių r. sav. Gotlybiškių k. Mokyklos g. 2, Registration place: Šakių r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
69.	ŽŪB Jurbarkų ekologinis ūkis	*1	303325361	Jurbarko r. sav. Klišių k. Vytauto Didžiojo g. 99, Registration place: Jurbarko r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
70.	ŽŪB Kairėnų ekologinis ūkis	*1	303325774	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13-2, Registration place: Radviliškio r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
71.	ŽŪB Lankesos ekologinis ūkis	*1	303325710	Jonavos r. sav. Bukonių k. Lankesos g. 2, Registration place: Jonavos r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
72.	ŽŪB Mantviliškio ekologinis ūkis	*1	303325703	Kėdainių r. sav. Mantviliškio k. Liepos 6-osios g. 60, Registration place: Kėdainių r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
73.	ŽŪB Nausodės ekologinis ūkis	*1	303325781	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Anykščių r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
74.	ŽŪB Skėmių ekologinis ūkis	*1	303325692	Kėdainių g.13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
75.	ŽŪB Smilgių ekologinis ūkis	*1	303325824	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1, Registration place: Panevėžio r. sav, Registration date: 09/06/2014	**A	100,00%	100,00%
76.	ŽŪB Spindulio ekologinis ūkis	*1	303325817	Radviliškio r. sav. Vaitiekūnų k. Spindulio g. 13-2, Registration place: Radviliškio r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
77.	ŽŪB Vėriškių ekologinis ūkis	*1	303325849	Kėdainių g.13, Skėmių k., Radviliškio r., Registration place: Radviliškio r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
78.	ŽŪB Žadžiūnų ekologinis ūkis	*1	303325870	Šiaulių r. sav. Žadžiūnų k. Gudelių g. 30-2, Registration place: Šiaulių r. sav., Registration date: 09/06/2014	**A	100,00%	100,00%
79.	ŽŪB Želsvelės ekologinis ūkis	*1	303325856	Marijampolės sav. Želsvos k. Želsvelės g. 1, Registration place: Marijampolės sav., Registration date: 09/06/2014	**A	100,00%	100,00%
80.	Prestviigi OÜ	*6	12654600	Harju maakond, Tallinn, Kesklinna linnaosa, Lai tn 328, 10133, Registration place: Estonia, Registration date: 02/05/2014	**G	100,00%	100,00%
81.	KB Ganiklis	*3	303429417	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	99,46%	98,09%

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

No.	Name of subsidiary	Legal form	Legal entity code	Address, registration date and place	Profile of activities	Group's ownership interest, %	
						31/12/2022	31/12/2021
82.	KB Ganiavos gėrybės	*3	303429431	Marijampolės sav. Želsvos k. Želsvelės g. 1, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	99,46%	98,09%
83.	KB Žemėpačio pieno ūkis	*3	303432388	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 22/10/2014	**A	99,46%	98,09%
84.	KB Žemynos pienelis	*3	303427989	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	99,46%	98,09%
85.	KB Lygiadienio ūkis	*3	303428087	Panevėžio r. sav. Smilgių mstl. Panevėžio g. 23-1, Registration place: Radviliškio r. sav., Registration date: 17/10/2014	**A	99,46%	98,09%
86.	KB Laumės pieno ūkis	*3	303427996	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	99,46%	98,09%
87.	KB Medeinos pienas	*3	303428112	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 17/10/2014	**A	99,46%	98,09%
88.	KB Gardaitis	*3	303429381	Panevėžio r. sav. Gustonių k. M. Kriaučiūno g. 15, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	99,46%	98,09%
89.	KB Dimstipatis	*3	303429424	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	99,46%	98,09%
90.	KB Aušlavis	*3	303429456	Anykščių r. sav. Nausodės k. Nausodės g. 55, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	99,46%	98,09%
91.	KB Austėjos pieno ūkis	*3	303428094	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 17/10/2014	**A	99,46%	98,09%
92.	KB Aitvaro ūkis	*3	303429374	Radviliškio r. sav. Skėmių k. Alyvų g. 1-3, Registration place: Radviliškio r. sav., Registration date: 20/10/2014	**A	99,46%	98,09%
93.	KB Giraičio pieno ūkis	*3	303429399	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	99,46%	98,09%
94.	Fentus 10 GmbH	*6	HRB106477	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100,00%	100,00%
95.	Norus 26 AG	*6	HRB109356B	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100,00%	100,00%
96.	LT Holding AG	*6	HRB109265B	StraBe des 17 Juni 10b, 10623 Berlin, Germany, Registration place: Germany, Registration date: 02/05/2014	**G	100,00%	100,00%
97.	UAB KTG Agrar	*4	300127919	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Vilniaus m. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
98.	UAB Agrar Raseiniai	*4	300610316	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
99.	UAB AUGA Mažeikiai	*4	300610348	Mažeikių r. sav. Naikių k. Mažeikių aplinkl. 9, Registration place: Mažeikių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
100.	UAB PAE Agrar	*4	300867691	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
101.	UAB Delta Agrar	*4	300868875	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
102.	UAB KTG Grūdai	*4	302637486	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
103.	UAB KTG Eko Agrar	*4	300510650	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
104.	UAB Agronita	*4	300132574	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
105.	UAB Agronuoma	*4	303204954	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
106.	UAB VL Investment Vilnius 12	*4	303205611	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 2014-10-20	**A	100,00%	100,00%
107.	UAB Agrar Ašva	*4	301608542	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
108.	UAB Agrar Varduva	*4	301608791	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
109.	UAB Agrar Seda	*4	301608777	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
110.	UAB Agrar Kvistė	*4	302308067	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
111.	UAB Agrar Luoba	*4	302308035	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
112.	UAB Agrar Gaja	*4	302594412	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
113.	UAB Agrar Ariogala	*4	301626540	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
114.	UAB Agrar Girdžiai	*4	301621568	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
115.	UAB Agrar Vidauja	*4	301622531	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
116.	UAB Agrar Raudonė	*4	302309532	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
117.	UAB Agrar Venta	*4	302307855	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
118.	UAB Agrar Nerys	*4	302594063	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
119.	UAB Agrar Gėluva	*4	302312133	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
120.	UAB Agrar Betygala	*4	302312222	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
121.	UAB Agrar Dubysa	*4	302312215	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
122.	UAB Agrar Pauliai	*4	302312165	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%

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

No.	Name of subsidiary	Legal form	Legal entity code	Address, registration date and place	Profile of activities	Group's ownership interest, %	
						31/12/2022	31/12/2021
123.	UAB Agrar Mituva	*4	302312172	Raseinių r. sav. Gėluvos k. Dvaro g. 30, Registration place: Raseinių r. sav., Registration date: 20/10/2014	**A	100,00%	100,00%
124.	UAB AUGA Raseiniai	*4	304704364	Raseinių r. sav. Kalnujų mstl. Žieveliškės g. 1, Registration place: Raseinių r. sav., Registration date: 06/11/2017	**A	100,00%	100,00%
125.	UAB Tėvynės žemelė	*4	303301428	Antano Tumėno g. 4, Vilniaus sav., Vilnius	**G	98,98%	100,00%
126.	UAB Tėviškės žemelė	*4	303207199	Antano Tumėno g. 4, Vilniaus sav., Vilnius	**E	98,98%	100,00%
127.	KB Grybai LT	*3	302765404	Žibalų g. 37, Širvintos	**I	100,00%	100,00%
128.	UAB Agrarinis fondas	*4	306176225	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	100,00%	-
129.	UAB Elksnis	*4	306176271	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	99,86%	-
130.	UAB Antakys	*4	306176175	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	99,73%	-
131.	UAB Audenė	*4	306176289	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	99,94%	-
132.	UAB Erdva	*4	306176232	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	99,93%	-
133.	UAB Adyna	*4	306176307	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	99,81%	-
134.	UAB Šiaurinis fondas	*4	306176168	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	99,57%	-
135.	UAB Mildažis	*4	306176403	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 15/11/2022	**G	100,00%	-
136.	UAB Urtum	*4	306176385	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 15/11/2022	**G	98,47%	-
137.	UAB Šiaurės rytų fondas	*4	306178226	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 16/11/2022	**G	99,89%	-
138.	UAB Vidurio fondas	*4	306178272	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 16/11/2022	**G	99,98%	-
139.	UAB Idėjų ūkis	*4	306178258	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 16/11/2022	**G	99,23%	-
140.	UAB Rudagėlė	*4	306177971	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 17/11/2022	**G	98,98%	-
141.	UAB Lagūnas	*4	306177964	Jonavos r. sav., Bukonių sen., Bukonių k., Lankesos g. 2, Registration date: 14/11/2022	**G	99,99%	-
142.	UAB AUGA SOFA	*4	306199583	Vilniaus m. sav. Vilniaus m. Konstitucijos pr. 21C, Registration date: 19/12/2022	**G	100,00%	-

COMMENTS:

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

**
**A Agricultural activities
**B Group's cash pool
**C HR management
**D IT system operation
**E Land management
**F Lease of machinery
**G Management of subsidiaries
**H Trade and logistics
**I Food production

Impact of COVID-19 pandemic

The management has assessed the potential operational risks in relation to COVID-19 pandemic that might have negative impact. The crop growing and dairy operating segments are exposed to labour force shortage risk, consumer packaged goods operating segment is exposed to supply chain disruption risk and increase in logistics costs. COVID-19 pandemic, however, had no significant impact on crop growing, dairy and consumer packaged goods operating segments.

In mushroom growing operating segment, an outbreak of COVID-19 infection at the production units throughout 2021 and 2022 caused a short-term shortage in production capacity, which in turn affected the operating segment's performance despite a number of measures implemented by the Group to ensure safety and social distancing of employees. The pandemic had a negative impact on the mushroom growing operating segment in the following areas: decrease in sale of fresh mushrooms to wholesalers operating in HoReCa sector – the fluctuations in the market made it more complicated to sell fresh mushrooms at the bet price, and higher demand for packaged mushrooms adversely affected profitability.

Impact of the war in Ukraine

There are no Group entities operating in Ukraine, Russia, and Belarus, and sales to these countries were only of one-off nature and amounted to EUR 85 thousand in 2022, representing 0.12% (2021: 0.5%) of the Group's total sales. As from the end of February 2022, sales to Russia and Belarus were discontinued in full.
The Group's management believes the war had no direct impact on the activities, assets and liabilities of the Group entities. However, the impact of war on commodity markets, energy prices also affect the Group's performance: the rising prices of raw materials and finished products caused increase in the Group's revenue, but on the other hand, the emerging energy crisis and other factors caused growth of production costs. Energy and fuel costs only increased by over EUR 7 million in 2022 compared to the previous year.

2. Summary of Significant Accounting Policies

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

2.1. Basis of Preparation

The Group's/Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), effective as at 31 December 2022 (all references to IFRS hereinafter should be construed as references to IFRS, as adopted by the EU).

The consolidated and separate financial statements have been prepared on the historical cost basis, except for land classified as property, plant and equipment, which is measured at revalued amount, biological assets (livestock and crops) and interest rate swaps, which are measured at fair value. The accounting policies applied by the Company are consistent with those applied by the Group, except accounting for subsidiaries, as disclosed in note 2.30.

The consolidated and separate financial statements are presented in the national currency of Lithuania, the euro (EUR), and all amounts are rounded to the nearest thousand (EUR '000) unless otherwise stated. The euro is the Group's (see note 2.4 for more details) and the Company's functional and presentation currency.

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

Going concern basis

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

The Group's short-term goal is to generate sufficient funds necessary to carry out operations in an efficient and profitable manner, and to generate adequate amounts of revenues and profits in order to settle its current liabilities. The Group's management expects to maintain current liquidity levels and to accumulate funds for future investments.
The Company transacts mostly with the Group entities, and therefore, the Company's liquidity position is adjusted when necessary.

2.2. New Standards, Amendments and Interpretations

In 2022, the Group/Company adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to their operations and effective for the reporting period beginning on 1 January 2022.

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

a) The following new and/or amended IFRSs and interpretations of the International Financial Reporting Interpretations Committee were adopted for the first time by the Group/Company in the year ended 31 December 2022:

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the conceptual framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed.

The Group/Company believes the amendments had no significant impact on the Group's/Company's financial statements.

Covid-19-Related Rent Concessions – Amendments to IFRS 16

The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. The amendment extended the date of the practical expedient until 30 June 2022.

The Group/Company believes the amendments had no significant impact on the Group's/Company's financial statements.

b) The following standards, interpretations and amendments were not yet effective and were not early adopted by the Group/Company:

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

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group/Company believes these amendments will have no significant impact on its financial statements.

Amendments to IAS 8: Definition of Accounting Estimates

The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. The Group/Company believes these amendments will have no significant impact on its financial statements.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The Group/Company believes these amendments will have no significant impact on its financial statements.

c) The following standards, interpretations and amendments were not yet endorsed by the EU and not early adopted by the Group/Company:

- IFRS 14, Regulatory Deferral Accounts;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28;
- „Classification of liabilities as current or non-current – Amendments to IAS 1;

The Group/Company are currently assessing the impact of the amendments on the Group's/Company's financial statements.

There are no other new or amended standards and/or interpretations that are not yet effective and that might have significant impact on the Group/Company.

2.3. Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, the Group controls an entity when the Group's shareholding has more than 50% of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations

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

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

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

Intragroup transactions

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

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in associate is initially recognised at cost.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is adjusted subsequently to recognise the Group's share of post-acquisition profit or loss of the associate. The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and the Group's share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction of the carrying amount of the investments.

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, and unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the investees have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The carrying amount of the equity-accounted investments is tested for impairment in accordance with the policy described in note 2.7.

Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4. Foreign Currency Translation

Functional and presentation currency

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

Transactions and balances

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

Financial assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the balance sheet date. Non-monetary transactions that are measured at fair value in a foreign currency are translated at the exchange rates when the fair value was determined.

Group entities

The results and financial position of the subsidiaries (none of which has the currency of a hyper-inflationary economy) with a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the date of the balance sheet date.
Upon disposal of a foreign entity, the foreign exchange result accumulated in other comprehensive income is recognised in the statement of comprehensive income.

2.5. Property, Plant and Equipment

Property, plant and equipment represents assets owned and controlled by the Group/Company that are expected to generate economic benefits in the future periods and that have useful lives longer than one year. Property, plant and equipment, except land, is stated at cost less subsequent accumulated depreciation and impairment loss. Land is stated at revalued amount.

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

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

Property, plant and equipment is initially recognised at cost, including non-refundable purchase taxes and any costs directly attributable to bringing the asset into operation or moving the asset to present location.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group/Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss in the period in which they are incurred.

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

Land is not depreciated. Depreciation for other categories of property, plant and equipment (except construction in progress) is calculated using the straight-line method to write off their cost or revaluated amounts to their residual values over their estimated useful lives as follows:

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

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

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

Property, plant and equipment is written off when it is disposed or when no economic benefits are expected from its use or disposal. Gain and loss on disposal is estimated by comparing the proceeds with the carrying amount of the asset disposed, and the difference is recognised under operating expenses in the statement of profit or loss. When the revalued assets are sold, the respective amounts included in revaluation reserve are transferred to retained earnings

The useful lives of property, plant and equipment are determined by management at the time of acquisition and subsequently reviewed on an annual basis.

2.6. Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition (note 2.3). Goodwill on acquisition of subsidiary is included in 'intangible assets'. Following the initial recognition, goodwill is carried at cost less accumulated impairment loss. Goodwill is tested annually for impairment. Impairment losses on goodwill are not reversed.

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

Other intangible assets expected to provide economic benefit to the Group/Company in future periods have a finite useful life. Separately acquired intangible assets are initially carried at acquisition cost. Subsequently, intangible assets are carried at acquisition cost less accumulated amortisation and impairment losses, if any. Intangible assets acquired on a business combination are stated at fair value at the acquisition date.

Amortisation is calculated on a straight-line basis over the established amortisation period:

Other intangible assets	5	years

Gain or loss arising on the disposal of intangible assets is determined as the difference between the proceeds from disposal and the carrying amount of the assets, which is recognised in profit or loss.

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

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

2.7. Impairment of Non-financial Assets

Financial assets (other than goodwill, biological assets, inventories and deferred income tax) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indications exist, the recoverable amount of the asset is estimated.

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

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

2.8. Biological Assets

On initial recognition and at each balance sheet date, biological assets are stated at fair value less estimated costs to sell, except where the fair value cannot be measured reliably on initial recognition.

Agricultural produce harvested from the Group's biological assets is stated at fair value less estimated costs to sell at the point of harvest, and subsequently it is recorded as inventories (note 2.13). Agricultural produce is included in biological assets only until the point of harvest.

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

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

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

The line item "Cost of sales" includes all costs incurred to grow crops, mushrooms and produce milk and meat sold during the reporting period. The costs incurred to in relation to produce not sold at the reporting date are capitalised at initial cost, and in subsequent periods will be included in "Cost of sales" when the produce is sold. The costs incurred to grow dairy cows are not included in "Cost of sales";

instead, the carrying amount of cows is written- off over the useful life of the cows as the change in the fair value under the line item "Change in fair value of biological assets“.

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

2.9. Assets Held for Sale

Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. Assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. For this to be the case, the asset should be available for immediate sale and the sale should be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of reclassification. Property, plant and equipment and intangible assets that are classified as held for sale are not depreciated/amortised.

2.10. Financial Assets

Classification

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

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

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

During the reporting period, the Group/Company did not hold any financial assets measured at FVPL and financial assets measured at FVOCI.

For investments in equity instruments that are not held for sale, the accounting treatment will depend on whether the Group/Company has made an irrevocable decision at the time of initial recognition to account for the equity investment at FVOCI.

The Group/Company reclassifies investments in debt instruments when and only when its business model for managing those assets has changed.

The Group‘s/Company‘s financial assets measured at amortised cost include trade receivables, loans granted, other receivables of financial assets, and cash and cash equivalents.

Recognition

Regular way purchases and sales of financial assets are recognised on the transaction date – the date on which the Group /Company commits to purchase or sell the asset, i.e. when the Group/Company becomes a party to the contractual provisions of the financial instrument.

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI – debt investments; FVOCI – equity investments; or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group/Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Derecognition

Financial assets are derecognised when the rights to receive contractual cash flows from the financial assets have expired or have been transferred and the Group/Company has transferred substantially all the risks and rewards of ownership.
A financial asset (or, where appropriate, a part of financial asset or a part of group of similar financial assets) is derecognised by the Group/Company when:
- the contractual rights to receive cash flows from the asset have expired;
- the Group/Company retains the contractual rights to receive cash flows of financial assets, but assume a contractual obligation to pay the full amount to a third party under a 'pass-through' arrangement without material delay; or
- the Group/Company transfers the contractual rights to receive cash flows of financial assets and either (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but transfer control of the financial asset.

When the Group/Company transfers the contractual rights to receive cash flows of the financial asset, but neither transfers nor retains substantially all the risks and rewards of ownership of the asset, nor transfers control of the asset, the asset is recognised to the extent of the Group‘s/Company‘s continuing involvement in the financial asset. When the continuing involvement takes the form of guaranteeing the transferred asset, the extent of continuing involvement is the lower of (i) the carrying amount of the asset and (ii) the maximum amount of the consideration received that the Group/Company could be required to repay.

Measurement

Initial measurement

On initial recognition, the Group/Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at FVPL are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group’s/Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group//Company classifies its debt instruments:

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

- Measured at FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) . Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gain/(loss) and impairment losses are presented as a separate line item in the statement of profit or loss.
- Measured at FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented as net amount within other gains/(loss) in the period in which it arises.

Equity investments

The Group/Company subsequently measures all equity investments at the fair value of the investment.

Where the Group’s/Company’s management has elected to present fair value gain or loss on equity investments in OCI, there is no subsequent reclassification of fair value gain or loss to profit or loss following the derecognition of the equity investment. Dividends from such investments continue to be recognised in profit or loss as other gains in the line Other income of Statement of Profit or Loss when the Group’s right to receive payments is established.

Changes in the fair value of the financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss, as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not presented separately from other changes in fair value.

Impairment of financial assets

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

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

- Stage 1 - balances, for which the credit risk has not increased significantly since initial recognition, or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest income is calculated on the gross carrying amount of the asset (that is, before deduction of loss allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2 - comprises balances for which there have been a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest income is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as a weighting factor.

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

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

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

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

The expected loss rates are based on the payment profiles of sales over the period of 36 months before 31 December 2022 or over the period of 24 months before 1 January 2022, and the corresponding historical credit losses incurred over this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include indicators such as:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment level, and politics).

Trade receivables

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

The Group/Company applies the simplified approach under IFRS 9 to measure the expected credit losses by using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on revenue-generating segments of the Group (livestock, agriculture, mushrooms & consumer packaged goods). The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 or 24 months before 1 January 2022, respectively, and the corresponding historical credit losses incurred over this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group/Company has identified the EU GDP growth rate to be the most relevant factor, and accordingly, adjusts the historical loss rates based on the expected changes in this factor.

Based on information stated above, the loss allowance as of 31 December 2022 and 31 December 2021 was determined for trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group/Company, and default on contractual payments with past due period greater than 120 days.

2.11. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be legally enforceable by an entity and all counterparties in the normal course of business and in the event of default, insolvency or bankruptcy.

2.12. Prepayments and Deferred Expenses

Prepayments and deferred expenses are recorded as assets on the balance sheet for as long as the expenditure is incurred and the underlying goods or services are consumed. Prepayments are classified as current asset as there are no goods or services expected to be received or consumed after more than 12 months from the date of payment.

2.13. Inventories

Cos of agricultural produce harvested from the biological assets

Under IAS 41 'Agriculture', agricultural produce harvested from the biological assets is initially measured at its fair value less costs to sell at the point of harvest. Such value is the cost of agricultural produce.

Subsequent measurement

Inventories are stated at the lower of cost and net realisable value. Cost is determined under FIFO method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group/Company from the tax authorities), transport, storage and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses.

2.14. Cash and Cash Equivalents

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

2.15. Share Capital and Share Premium

Ordinary shares are stated at their nominal value.

Consideration received for the shares sold in excess over their nominal value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium

2.16. Revaluation Reserve

Gain on revaluation of property, plant and equipment is recognised in equity and included in the revaluation reserve. If the result of the revaluation of an asset is negative and no positive result on revaluation of that asset has been previously included in the revaluation reserve in equity, the revaluation loss is recognised in the statement of profit or loss. If the revaluation surplus exists relating to a previous revaluation of that asset, the revaluation loss, not in excess of the existing surplus, is recognised in revaluation reserve. Revaluation reserve represents revaluation surplus, net of tax. Deferred tax liability is calculated on the total value of the revaluation reserve.

2.17. Grants

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

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

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

2.18. Trade Payables

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

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

2.19. Supplier Financing Arrangement (Factoring)

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

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

2.20. Borrowings

Borrowings and bonds are recognised initially at fair value, net of transaction costs incurred. Borrowings and bonds are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the maturity term of the borrowings using the effective interest rate method.
Borrowings and bonds are classified as current liabilities unless the Group/Company has an unconditional right to defer settlement of the liability for a period longer than 12 months after the balance sheet date or contractual payments are made after one year based on the agreed payment schedule.

2.21. Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

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

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

Right-of-use assets

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

The lease term varies between 2 and 95 years.

Lease liabilities arising from the right-of-use assets are measured at the present value of the remaining lease payments, discounted at the annual fixed interest rate of the Group's Green Bonds, for which almost all land plots owned by the Group have been pledged as collateral. The interest rate applied as at 31 December 2022 and 2021 was 6%.
Lease payments included in the measurement of a lease liability include fixed payments (including in-substance fixed payments) and variable lease payments (that depend on an index or a rate).

The lease term is a non-cancellable period. The periods covered by an option to extend or terminate the lease (if any) are included in the lease term only if it is reasonably certain that the lease will be extended or terminated.

The right-of-use assets are subject to impairment (see note 2.7).

Lease liabilities

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

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

Short-term lease and lease of low-value assets

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

2.23. Lease – Where the Group/Company is a Lessor

Leases in which the Group/Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income is accounted for on a straight-line basis over the lease term and is included in “Other income“ in the statement of profit or loss.

2.24. Current and Deferred Income Tax

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

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income.

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

Management regularly evaluates the positions taken in its tax return with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where necessary, on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Income tax expenses are calculated and accrued for in the separate and consolidated financial statements on the basis of information available at the moment of preparation of the financial statements and management‘s estimates of income tax in accordance with Lithuanian regulatory legislation on taxation.

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

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

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

2.25. Revenue Recognition

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

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

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

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

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

Sales of goods

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

Sales of services

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

Interest income

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

Financing components

The Group does not plan to have contracts with a period between the sale date of goods and services to a customer and the settlement date by customer for those goods and services would be longer than one year. Accordingly, the Group does not adjust the transaction prices for the time value of money.

2.26. Expense Recognition

Expenses are recognised on an accrual basis and based on the matching principle in the reporting period when income relating to those expenses is earned, irrespective of the timing of cash outflow. When expenses incurred during the reporting period cannot be attributed directly to the specific income earned during that period and their will not generate any income in the future periods, they are expensed in the period when incurred.
Expenses are generally recognised at the amount paid or payable, net of VAT. When there is a longer settlement term and no interest is charged, expenses are estimated by discounting the settlement amount at the market interest rate.

2.27. Employee Benefits

Social security contributions

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

Termination benefits

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

Bonus plans

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

Employee share option plan – share-based payments

The Group has an employee share option plan that was approved in 2019 (see note 2.28 for more details on share-based payments related to the approved plan).

Under the plan, the participants are granted the options to receive the Company's shares for no consideration, which only vest if the service condition is met. The service condition for the option receiver is to complete a 3-year term of service with the Group. After the condition is met, an employee obtains the right to exercise the option. There are no other conditions for the receiver. If the receiver does not fulfil the service condition, the option will become no longer effective and the employee will not obtain the right to exercise the option.

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

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

Options are granted under the plan for no consideration. There are no social security contributions or income tax that would become payable by the Company at the time of exercising the options (or any other time during the vesting period), and that should be accrued in the liabilities. The employees who will exercise the options and receive the shares of the Company will need to pay a personal income tax by themselves at the time of exercising the options.

2.28. Share-based Payments

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

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

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

Where:

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

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

Shares granted are the shares to be granted to an employee under the share option contract;

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

There are share option contracts with a special condition applicable to those option receivers who have no employment relationship with the Group/Company. Such option receivers do not need to fulfil the service condition to complete a 3-year term of service with the Group, but they will still need to wait a 3-year vesting period before being able to exercise the option. For this reason, the staff turnover rate is excluded from the calculation of total cumulative expenses of the share options since it does not affect the probability of such option receivers to exercise the share option.

2.29. Segment Reporting

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

The management of the Group also assesses individually the performance of each agricultural entity. The individual performance of these entities is analysed based on the gross profit margins of individual operating segments: mushroom growing segment, milk production and cattle sale (dairy segment), crop growing such as wheat, rapeseed, barley, etc., as well as crop trading, agricultural services and land rent (crop growing segment).

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

2.30. Investments in Subsidiaries in the Company's Separate Financial Statements

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

2.31. Financial Guarantee Contracts

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

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

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

2.32. Events After the Reporting Period

Events after the reporting period that provide additional information about the Group's/Company's financial position at the balance sheet date (adjusting events) are reflected in the separate and consolidated financial statements. Events after the reporting period that are not treated as adjusting events are disclosed in the notes when material.

2.33. Reclassifications in the Financial Statements

When preparing the financial statements as at 31 December 2022, the Group‘s and the Company’s management has reclassified the following comparative information in the consolidated and separate financial statements in order to better reflect the presentation of financial information:

- Assets acquired under the financing arrangements with the carrying amounts of EUR 96 thousand in the Company’s balance sheet and EUR 7,830 thousand in the Group’s balance sheet were reclassified from ‘Property, plant and equipment’ to ‘Right-of-use assets’;

- ‘Other current assets’ with the carrying amounts of EUR 336 thousand in the Company’s balance sheet and EUR 4,355 thousand in the Group’s balance sheet were reported separately from ‘Trade and other receivables’;

- ‘Net impairment loss of financial assets’ amounting to EUR 2,635 thousand in the Group’s statement of profit or loss and other comprehensive income was reported separately from ‘Administrative expenses;

- ‘Selling expenses’ amounting to EUR 2,218 thousand and EUR 2,612 thousand, respectively, in the Company’s and the Group’s statement of profit or loss and other comprehensive income were reported separately from ‘Administrative expenses’;

- In the statements of cash flows, payments received under supplier financing arrangements amounting to EUR 9,260 thousand and payments made under supplier financing arrangements amounting to EUR (6,470) thousand were separated from ‘(Decrease) increase in trade and other payables’ under Group’s cash flows from operating activities and reported under the cash flows from financing activities.

3. Risk Management

3.1. Financial Risk Management

Financial risk factors

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

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

Market risk

(i) Foreign exchange risk

The absolute majority of the Group‘s transactions are conducted in the euros (EUR). Only a small part of transactions are conducted in other currency (Poland, USA).

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

(ii) Cash flow and fair value interest rate risk

The Group's exposure to cash flow interest rate risk arises from borrowings with floating interest rate. Borrowings with fixed interest rates expose the Group to fair value interest rate risk.

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

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

To hedge the risk arising from floating interest rate, the Group had interest rate swap contract linked to a loan, which expired in 2022 as the loan was repaid in full. As at 31 December 2022, the Group did not use any financial instruments to manage interest rate risk.

As at 31 December 2022, the Group's borrowings with floating interest rate amounted to EUR 41,858 thousand (31 December 2021: EUR 35,160 thousand), all of which were denominated in EUR. Had the floating interest rate (directly depending on EURIBOR) changed by 1 percentage point, this would result in EUR 419 thousand annual effect on the Group's pre-tax result (2021: EUR 352 thousand).

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

As at 31 December 2022, the Company's borrowings with floating interest rate amounted to EUR 3,128 thousand (31 December 2021: none). Had the floating interest rate changed by 1 p.p., this would result in EUR 3 thousand annual effect on the Company's pre-tax result. See note 16 for more information.

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

GROUP	Liabilities with fixed interest rate		Liabilities with floating interest rate	
	At 31 December 2022	At 31 December 2021	At 31 December 2022	At 31 December 2021
Non-current				
Borrowings from credit institutions	2,279	2,939	41,857	35,162
Bonds	25,409	19,114	-	-
Other financial liabilities	253	253	-	-
Lease liabilities	43,009	39,623	4,220	5,879
Total	**70,950**	**61,928**	**46,077**	**41,041**

COMPANY	Liabilities with fixed interest rate		Liabilities with floating interest rate	
	At 31 December 2022	At 31 December 2021	At 31 December 2022	At 31 December 2021
Non-current				
Borrowings from credit institutions	803	2,728	3,128	
Bonds	25,409	19,114		
Borrowings from the parent	2,694	2,520		
Lease liabilities	519	579	57	83
Total	**29,425**	**24,940**	**3,185**	**83**

The fair value of non-current financial liabilities with floating interest rates approximates their carrying amount. As at 31 December 2022, the weighted average effective interest rate on the Group's financial liabilities with floating interest rate was 7.39% (2021: 3.57%). As at 31 December 2022, the Group's fixed interest rate was 6.22% (2021: 5.95%).

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

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

Credit risk

Credit risk is managed at the Group level. The Group's management is responsible for credit risk management. Credit risk arises from cash and cash equivalents, short-term deposits with banks, as well as credit exposures to customers, mainly related to outstanding receivables and loans granted.

At the end of 2022, the Company had issued guarantees to the banks to secure fulfilment of financial liabilities of the Group's subsidiaries for the total value of EUR 38,812 thousand (2021: EUR 34,175 thousand) (Note 32)

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

	GROUP		COMPANY	
	At 31 December 2022	At 31 December 2021	At 31 December 2022	At 31 December 2021
Trade receivables	6,742	4,524	8,511	4,167
Subsidies and grants receivable from the National Paying Agency (NPA)	998	1,455	-	-
Receivable from natural persons	80	83	3	2
Loan granted	518	449	-	-
Other receivables	12	477	11	12
Cash and cash equivalents	3,337	2,446	9	10
Total	**11,687**	**9,434**	**8,534**	**4,191**

Trade receivables

The Group sells most of its products to wholesalers and has policies in place to ensure that sales of products are made only to customers with an appropriate credit history. Before entering into a transaction with a customer, the Group assesses the credit quality, taking into account its financial position, past experience and other factors.

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

A credit period is awarded only to a few customers who are well known to the Group and have good credit history. The Group has credit risk concentration as exposures are distributed among several key customers that are the strongest players in the local agricultural market (see Note 22).
In certain cases the Group uses credit insurance and has established specific limits for some of its customers that are usually new customers with insufficient track record of payments.
When calculating the expected credit losses (ECL), the Group analyses movements in amounts receivable. The analysis is based on the balances of trade receivables at the beginning and end of year, taking into account the amounts settled or offset. This allows calculating the outstanding balance of trade receivables that were unpaid as they fell due. This in turn allows calculating the percentage of outstanding balances in each category of past due receivables. The estimated rates are applied to the year-end balances of receivables by category of past due receivables, and thereby the expected credit losses are calculated.

Movement in loss allowance for trade receivables during the year:

	GROUP	COMPANY
Carrying amount of loss allowance for trade receivables at 31 December 2020	**(146)**	**-**
Decrease in loss allowance for trade receivables during the year, recognised in profit or loss (Note 25)	14	**-**
Carrying amount of loss allowance for trade receivables at 31 December 2021	**(132)**	-
Decrease in loss allowance for trade receivables during the year, recognised in profit or loss (Note 25)	44	-
Carrying amount of loss allowance for trade receivables at 31 December 2022	**(88)**	**-**

Movement in loss allowance for other receivables during the year:

Carrying amount of loss allowance for other receivables at 31 December 2020	**(537)**	**-**
Increase in loss allowance for other receivables during the year, recognised in profit or loss (Note 25)	(2,570)	-
Carrying amount of loss allowance for other receivables at 31 December 2021	**(3,107)**	-
Increase in loss allowance for other receivables during the year, recognised in profit or loss (Note 25)	-	-
Carrying amount of loss allowance for other receivables at 31 December 2022	**(3,107)**	**-**

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

Credit quality of the Group's trade receivables	**Receivables not past due**	**Past due from 1 to 30 days**	**Past due from 31 to 90 days**	**Past due over 90 days**	**Total**
At 31 December 2022					
Expected credit loss rate	0.30%	3.12%	2.98%	8.41%	
Total trade receivables, gross	5,417	801	101	511	**6,830**
Loss allowance (Note 11)	(16)	(25)	(3)	(43)	**(88)**
Total trade receivables, net at 31 December 2022	**5,401**	**776**	**98**	**468**	**6,742**
At 31 December 2021					
Expected credit loss rate	0.56%	1.84%	1.98%	14.29%	
Total trade receivables, gross	3,219	482	309	647	**4,657**
Loss allowance (Note 11)	(18)	(9)	(6)	(98)	**(132)**
Total trade receivables, net at 31 December 2021	**3,201**	**473**	**303**	**549**	**4,525**

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

Credit quality of the Company's trade receivables	**Receivables not past due**	**Past due from 1 to 30 days**	**Past due from 31 to 90 days**	**Past due over 90 days**	**Total**
At 31 December 2022					
Expected credit loss rate	0.01%	0.01%	0.01%	0.01%	
Total trade receivables	1,425	399	736	5,951	**8,511**
Total	**1,425**	**399**	**736**	**5,951**	**8,511**
At 31 December 2021					
Expected credit loss rate	0.01%	0.01%	0.01%	0.01%	
Total trade receivables	835	321	612	2,399	**4,167**
Total	**835**	**321**	**612**	**2,399**	**4,167**

As at 31 December 2022 and 2021, no loss allowances were recognised for the Company's trade receivables, since the expected credit loss rates and expected credit loss amount were not material because 99% of receivables were from subsidiaries.

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

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

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

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

Credit quality of other receivables at amortised cost	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
At 31 December 2022				
Expected credit loss rate	0.01%	0.2%	100%	
Receivables from the NPA	998	-	-	**998**
Receivables from private individuals	80	-	-	**80**
Loan granted	-	518	-	**518**
Other receivables	12	-	3,106	**3,118**
Carrying amount, gross	**1,090**	**518**	**3,106**	**4,714**
Loss allowance	-	(1)	(3,106)	**(3,107)**
Total other receivables, net at 31 December 2022	**1,090**	**517**	**-**	**1,607**
At 31 December 2021				
Expected credit loss rate	0.01%	0.2%	100%	
Receivables from the NPA	1,455	-	-	**1,455**
Receivables from private individuals	83	-	-	**83**
Loan granted	-	450	-	**450**
Other receivables	473	-	3,106	**3,579**
Carrying amount, gross	**2,011**	**450**	**3,106**	**5,567**
Loss allowance	-	(1)	(3,106)	**(3,107)**
Total other receivables, net at 31 December 2021	**2,011**	**449**	**-**	**2,460**

Subsidies and grants receivable from the National Paying Agency (NPA) represent accumulated amounts of direct and ecological subsidies for 2022 that are expected to be received during the first half of 2023.
Receivables from the NPA represent direct subsidies receivable for crops and milk, which are paid by 30 April of the next year and are in control of the State, and therefore, they are considered as low risk.
Receivables from employees are also considered as low risk. No loss allowance was recognised for Stage 1 receivables, since the expected credit loss rates were immaterial.

The loan granted to Ars Ingenii UAB is considered as recoverable. The loan was granted upon testing the payment of principal and interest, and therefore, it will be measured at amortised cost. At the reporting date, the loan was treated as exposed to moderate credit risk, and therefore, loss allowance for this loan was calculated with reference to lifetime ECL – total ECL was multiplied by probability of default. As at 31 December 2022, total loss allowance for this loan amounted to EUR 1 thousand.
In 2022, the repayment date of the loan granted to Ars Ingenii UAB was changed, and currently there is a loan repayment schedule for instalment payments to be made in 2023 and 2024, and the final repayment date on 31 August 2025.

Receivable on disposal of subsidiaries: Following the disposal of subsidiaries Karakash OOO and Karakash Agro OOO in March 2018, other receivables as at 31 December 2022, similarly as at 31 December 2021, included non-current amount receivable of EUR 3,106 thousand from Symbol LLC. It was assessed that this amount receivable was exposed to high risk and there was an objective evidence of its impairment. Accordingly, it was attributed to Stage 3, and loss allowance was calculated with reference to lifetime ECL. As at 31 December 2022 and 2021, loss allowance was equal to the amount of receivable of EUR 3,106 thousand.

Cash and cash equivalents
The counterparty risk of banks and financial institutions is managed through careful selection of counterparties and continuous monitoring of their risk level. The risk and probability of default of banks and financial institutions is based on the ratings awarded by the rating agencies Moody's, Standard & Poor's and Fitch. Therefore, the lowest expected credit loss rate (0.01%) was applied when calculating expected credit losses for cash and cash equivalents.
As at 31 December 2022 and 2021, no loss allowance was recognised for the Company's cash and cash equivalents, since the expected credit loss rates were immaterial.

As at 31 December 2022, 97.89% (31 December 2021: 98.2%) of the Group‘s cash balances were held at banks with long-term credit rating of *Investment grade* awarded by international rating agencies Moody‘s, Standard&Poors or Fitchratings.
The Company‘s all cash balances were held at banks with long-term credit rating of *Investment grade* awarded by international rating agencies Moody‘s, Standard&Poors or Fitchratings.

Liquidity risk

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

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

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

			Contractual cash flows				
GROUP	**Carrying amount**	**Total**	**On demand**	**Within 1 year**	**Between 1 and 2 years**	**Between 3 and 4 years**	**Over 5 years and later**
At 31 December 2022							
Borrowings	69,798	76,249	-	36,448	29,493	9,634	674
Lease liabilities	47,229	60,185	-	10,315	9,526	16,295	24,049
Guarantees issued	-	232	232	-	-	-	-
Supplier financing arrangements	6,978	7,356	-	7,356	-	-	-
Trade and other payables	18,566	18,566	-	18,570	-	-	-
Total	**142,571**	**162,588**	**232**	**72,685**	**39,019**	**25,929**	**24,723**
At 31 December 2021							
Borrowings	57,465	67,004	-	15,569	12,021	39,068	346
Lease liabilities	45,519	58,259	-	10,405	9,440	14,084	24,330
Guarantees issued	-	232	232	-	-	-	-
Supplier financing arrangements	7,005	7,397	-	7,397	-	-	-
Trade and other payables	13,457	13,457	-	13,457	-	-	-
Total	**123,446**	**146,349**	**232**	**46,828**	**21,461**	**53,152**	**24,676**

As at 31 December 2022, trade and other payables with settlement term of 3 months or less amounted to EUR 16,680 thousand, with settlement term from 3 to 12 months amounted to EUR 1,886 thousand (2021: EUR 11,544 thousand and EUR 1,913 thousand, respectively). As at 31 December 2022, for supplier financing arrangements with the settlement term of 3 months amounted to EUR 3,103 thousand, and with the settlement term of 3 to 12 months amounted to EUR 3,875 thousand (2021: EUR 2,654 and EUR 4,351 thousand, respectively).

As at 31 December 2022, the Group's current liabilities exceeded current assets by EUR 516 thousand (31 December 2021: current assets exceeded current liabilities by EUR 12,064 thousand). In 2022, current liquidity ratio (current assets / current liabilities) was 0.99 (2021: 1.27), and quick ratio (current assets (excluding biological assets and inventories) / current liabilities) was 0.21 (2021: 0.30). As at 31 December 2022, decrease in liquidity ratio was caused by reclassification of borrowings from non-current to current due to non-compliance with financial covenants. However, confirmations were obtained from the financial institutions assuring that no additional sanctions will be imposed due to non-compliance with the financial covenants (see below 'Compliance with financial covenants under the loan and bond agreements'). Therefore, no business continuity risk arises for the Group.

			Contractual cash flows				
COMPANY	**Carrying amount**	**Total**	**On demand**	**Within 1 year**	**Between 1 and 2 years**	**Between 3 and 4 years**	**Over 5 years and later**
At 31 December 2022							
Borrowings	32,034	35,399	-	9,535	24,795	1,069	-
Lease liabilities	576	673	-	179	175	308	11
Guarantees issued	-	39,044	39,044	-	-	-	-
Trade and other payables	867	867	-	867	-	-	-
Total	**33,477**	**75,983**	**39,044**	**10,581**	**24,970**	**1,377**	**11**
At 31 December 2021							
Borrowings	24,361	29,360	-	4,208	1,316	23,836	-
Lease liabilities	667	773	-	164	166	333	109
Guarantees issued	-	34,407	34,407	-	-	-	-
Trade and other payables	393	393	-	393	-	-	-
Total	**25,421**	**64,933**	**34,407**	**4,765**	**1,482**	**24,169**	**109**

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

Borrowings include bank borrowings and bonds (Note 16).

As at 31 December 2022, the Company's current liabilities exceeded current assets by EUR 6,162 thousand (31 December 2021: current assets exceeded current liabilities by EUR 689 thousand). In 2022, current liquidity ratio (current assets / current liabilities) was 0.34 (2021:

1.18), and quick ratio was 0.33 (2021: 1.18). As at 31 December 2022, decrease in liquidity ratio was caused by reclassification of borrowings from non-current to current due to non-compliance with financial covenants. However, confirmations were obtained from the financial institutions assuring that no additional sanctions will be imposed due to non-compliance with the financial covenants (see below ‘Compliance with financial covenants under the loan and bond agreements’). Therefore, no business continuity risk arises for the Company.

Compliance with financial covenants set under the loan and bond agreements

Due to significant deterioration of financial performance, as at 31 December 2021 the Group did not comply with the financial covenants set forth in the financing agreements signed with three financial institutions. Due to improvement of the Group‘s financial performance in 2022, as at 31 December 2022 the Group did not comply with the financial covenants set forth in the financing agreements with only two financing institutions (Swedbank AB and KŪB Pagalbos Verslui Fondas) (for the Company – with only one financial institution KŪB Pagalbos Verslui Fondas). Confirmations were received from these financial institutions assuring that no additional sanctions will be imposed due to non-compliance with the financial covenants. Some confirmations were received and contracts were amended (Note 33) after the end of the reporting year, i.e. already in 2023. Accordingly, non-current borrowings of EUR 11,931 thousand at the Group (EUR 6,268 thousand at the Company) were reclassified as current borrowings. Their repayment, however, will not be required during 2023, and therefore, no business continuity risk arises for the Group/Company.

Based on the audited data for 2021, the interest coverage ratio was set in the Green Bond Prospectus (Note 16) for the first tranche, which was not met. In 2022, the Group improved its financial performance and took measures to remedy non-compliance with the financial covenant, as required in the Prospectus. This was approved on 16 December 2022 during the Meeting of Bond Holders.

Biological assets risk

The risk of biological assets used in the Group‘s activities (cattle, mushrooms, crops) arises from inappropriate maintenance of biological assets, potential outbreak of diseases, other factors that may cause loss of such assets.
The Group has the Environmental and Animal Welfare Policy in place, which is constantly updated. To minimise potential losses caused by the factors of biological assets risk, the Group‘s farm workers monitor the condition of soil, use environmentally friendly plant protection means and organic fertilizers, apply crop rotation, carefully control the quality of cattle feed, continously improve animal housing conditions, and undertake prevention of infections.

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

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

3.2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public limited liability company and private limited liability company must be not less than EUR 29,000 and EUR 2,900, respectively, and the shareholders' equity must be not lower than 50% of the company's authorised share capital.

As at 31 December 2022 and 31 December 2021, the Company complied with these requirements.

As of 31 December 2022, 42 Group entities (31 December 2021: 35) did not comply with the above requirements. The Board of the entities not meeting the above requirements must convene a shareholders' meeting to remedy the situation of the capital adequacy level. Non-compliance of the Group entities had no impact on compliance with the covenants of ratios set forth in the loan agreements.

The Group’s net debt:

	GROUP		COMPANY	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Borrowings	69,798	57,465	32,034	24,361
Lease liabilities	47,229	45,919	576	-
Less: cash and cash equivalents	(3,337)	(2,446)	(9)	(10)
Net debt before supplier financing arrangements	**113,690**	**100,938**	**32,601**	**24,351**
Supplier financing arrangements	6,978	7,005	-	-
Total net debt	**120,668**	**107,943**	**32,601**	**24,351**

3.3. Fair Value Measurement

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

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

There were no transfers between any levels during the year.

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

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

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

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

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

4. Critical Accounting Estimates and Assumptions

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

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

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

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

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

If the recoverable amount of an asset (or a group of cash-generating units) is estimated to be less than its carrying amount, the carrying amount of the asset (or a group of cash-generating units) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss. In 2021 and 2022 there were no indications showing that the recoverable amount could be lower than the carrying amount, therefore, no impairment was recognised for the Group's property, plant and equipment.

b) *Useful lives of property, plant and equipment (except land)*

The useful lives of property, plant and equipment are determined with reference to the useful lives of similar assets. The remaining useful lives are determined in view of the current technical condition of the assets and the period over which the Group/Company expects to obtain economic benefits from those assets.

c) Fair value measurement of property, plant and equipment – land

The Group’s cultivated agricultural land is stated at fair value. The fair value is determined with reference to independent valuations of land at each year end. The carrying amount at the reporting date, key assumptions and principles used in determining the fair value of land are described in Note 5.

d) Impairment of investments in subsidiaries (Company)

As at 31 December 2022, the impairment of investments in subsidiaries was estimated by assessing the recoverable amount. The recoverable amount of investments in subsidiaries is assessed by discounting the future cash flows to their present value. The management tested its investments in subsidiaries for impairment and concluded that there was no impairment (Note 7).

e) Impairment of goodwill

Goodwill is tested for impairment annually by assessing the recoverable amount. The recoverable amount of goodwill is assessed by discounting the future cash flows to their present value. The management tested for impairment goodwill of EUR 3,465 thousand, which was recognised on acquisition of subsidiary KB Grybai LT, and concluded that there were no indications of impairment (Note 8).

f) Realisation of deferred income tax

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

g) Biological assets – impairment of livestock

Dairy cows
Due to the specific nature of agricultural produce, sometimes the fair value of dairy cows cannot be determined using the market approach, as such biological assets in areas where the Group operates are not traded in an active market, which otherwise would allow using the market value. The fair value of dairy cows is determined using the discounted cash flow model. The model uses projected revenue from milk sales over the remaining useful life of each cow based on the milk sales price assumption.

Other livestock
For determining the fair value of other livestock, an average price of meat per 1 kg used.

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

h) Biological assets – fair value measurement of crops

At the end of the reporting period crops are valued in view of biological transformation at the year end. At the year end, most crops are in the stage of having only a little biological transformation, and therefore, it is appropriate to consider that their fair value approximates their cost at the year end. For winter crops, the biological transformation at the year end may become substantial due to favourable weather conditions in autumn and warm winter. Accordingly, at the year end winter crops may be stated at fair value, provided the Group concludes that the biological transformation of these crops is more significant than it is typical in the specific period.

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

i) Biological assets – fair value measurement of mycelium cultivation seedbeds

The mycelium cultivation seedbeds are harvested at least 7-8 times annually in the production process, whereas mushrooms are harvested daily and sold on average within 3 days after the harvest. At the end of the reporting period, the mycelium cultivation seedbeds were measured based on the accrued expenses that were incurred to produce the seedbeds, as there was only little biological transformation since the date of seeding, and there was no harvesting at the end of the reporting period, nor during the first week thereafter.

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

j) Inventories – initial measurement of agricultural produce

Inventories comprising agricultural produce harvested from biological assets are initially measured at fair value at the time of harvest. Key assumptions and principles used in determining the fair value are described in note 10.

k) Inventory write-down allowance to net realisable value

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

l) Lease liabilities – lease term of land

When determining the lease term, the management considers all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option.
The extension options (or periods beyond the termination options) are included in the lease term when it is reasonably certain that the lease will be extended (will not be terminated). This is reassessed upon occurrence of either a significant event or a significant change in circumstances that affects such assessment and is within the control of the lessee. As at 31 December 2022, the lease term of land was determined with reference to the business plan.

m) Significant judgement: supplier financing arrangement

To support its strategic suppliers, the Group has entered into the supply chain financing arrangements (Note 2.19). Under the arrangements, a financial institution acquires the claim rights to the selected trade receivables from the supplier. Following such transfer of claim rights, the Group will no longer be able to make early direct payments to the supplier and will not be able to offset any of trade receivables from these suppliers. However, the Group has determined that the settlement terms of trade payables are otherwise substantially unchanged, and therefore, it is appropriate to present the relevant amounts payable under the supplier financing arrangements within trade payables in the balance sheet.

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

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

5. Property, Plant and Equipment

GROUP	Land	Buildings and structures	Plant and machinery	Motor vehicles	Other PP&E	Construction in progress	Total
At 1 January 2021							
Cost or revalued amount	27,473	65,141	49,815	3,915	2,792	2,991	152,127
Accumulated depreciation	-	(24,430)	(32,706)	(2,699)	(2,108)	-	(61,943)
Net book amount	**27,473**	**40,711**	**17,109**	**1,216**	**684**	**2,991**	**90,184**
Net book amount at 1 January 2021	**27,473**	**40,711**	**17,109**	**1,512**	**684**	**2,991**	**90,184**
- additions	1,182	493	2,495	265	728	2,863	8,026
- write-offs and disposals	(2)	(112)	(123)	(20)	(14)	-	(271)
- revaluation	1,221	-	-	-	-	-	1,221
- depreciation	-	(2,403)	(3,528)	(171)	(690)	-	(6,792)
- reclassification	-	-	(314)	-	1,651	(1,653)	(316)
Net book amount at 31 December 2021	**29,874**	**38,689**	**15,639**	**1,290**	**2,359**	**4,201**	**92,052**
At 31 December 2021							
Cost or revalued amount	29,874	65,567	50,567	4,160	4,897	4,201	159,266
Accumulated depreciation	-	(26,878)	(34,928)	(2,870)	(2,538)	-	(67,214)
Net book amount	**29,874**	**38,689**	**15,639**	**1,290**	**2,359**	**4,201**	**92,052**
Net book amount at 1 January 2022	**29,874**	**38,689**	**15,639**	**1,290**	**2,359**	**4,201**	**92,052**
- additions	436	265	1,932	153	132	4,271	7,189
- write-offs and disposals	(13)	(10)	(299)	(20)	(3)	(92)	(437)
- revaluation	1,881	-	-	-	-		1,881
- reversal of provisions	-	204	168	21	-	-	393
- depreciation	-	(2,479)	(3,297)	(356)	(529)		(6,661)
- reclassification		1,038	1,090	-	-	(2,834)	(706)
Net book amount at 31 December 2022	**32,178**	**37,707**	**15,233**	**1,088**	**1,959**	**5,546**	**93,711**
At 31 December 2022							
Cost or revalued amount	32,178	66,668	51,099	4,158	5,006	5,546	164,655
Accumulated depreciation	-	(28,961)	(35,866)	(3,070)	(3,047)	-	(70,944)
Net book amount	**32,178**	**37,707**	**15,233**	**1,088**	**1,959**	**5,546**	**93,711**

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

As at 31 December 2022, amounts accumulated in construction in progress mostly relate to development of tractors (31 December 2022: EUR 1,431 thousand, 31 December 2021: EUR 1,021 thousand) and construction of biofuel power plants (31 December 2022: EUR 2,437 thousand, 31 December 2021: EUR 48 thousand).

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

	GROUP	
	At 31 December 2022	**At 31 December 2021**
Buildings and structures	2,523	2,785
Plant and machinery	19,221	17,918
Motor vehicles	1,534	1,368
Other PP&E	1,566	1,139
Total	**24,863**	**23,210**

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

As at 31 December 2022, the Group's property, plant and equipment with the carrying amount of EUR 65,408 thousand (2021: EUR 53,300 thousand) had been pledged to secure repayment of bank borrowings.

COMPANY	Motor vehicles	Other PP&E	Construction in progress	Total
At 1 January 2021				
Cost or revalued amount	225	113	1,612	1,950
Accumulated depreciation	(146)	(43)	-	(189)
Net book amount	**79**	**70**	**1,612**	**1,761**
Net book amount at 1 January 2021	**79**	**70**	**1,612**	**1,761**
- additions	-	5	1,060	1,065
- write-offs and disposals	-	-	-	-
- revaluation	-	-	-	-
- depreciation	(35)	(194)	-	(229)
- reclassifications	-	1,651	(1,651)	-
Net book amount at 31 December 2021	**44**	**1,532**	**1,021**	**2,597**
				-
At 31 December 2021				
Cost or revalued amount	225	1,833	1,021	2,991
Accumulated depreciation	(181)	(301)	-	(394)
Net book amount	**44**	**1,532**	**1,021**	**2,597**
Net book amount at 1 January 2022	**44**	**1,532**	**1,021**	**2,597**
- additions	-	2	1,432	1,434
- write-offs and disposals	(2)	-	-	(12)
- revaluation	-	-	-	-
- depreciation	(22)	(237)	-	(249)
- reclassifications	-	-	(1,021)	(1,021)
Net book amount at 31 December 2022	**20**	**1,297**	**1,432**	**2,7494**
At 31 December 2022				
Cost or revalued amount	215	1 834	1 432	3 481
Accumulated depreciation	(195)	(537)	-	(732)
Net book amount	**20**	**1 297**	**1 432**	**2 749**

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

Construction in progress includes capitalised costs of R&D project. The project is related to development of hybrid biomethane/electric tractors. In 2023, the incurred costs capitalised in the category of construction in progress will be reclassified to assets used in the Company's activities.

As at 31 December 2022, property, plant and equipment fully depreciated but still in use by the Company amounted to EUR 198.6 thousand (31 December 2021: EUR 43.6 thousand).

As at 31 December 2022, the Company's property, plant and equipment with the carrying amount of EUR 1,248 thousand (2021: none) had been pledged to secure repayment of bank borrowings.

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

	Land
Carrying amount of land before revaluation effect at 31 December 2021	13,221
Carrying amount of land before revaluation effect at 31 December 2022	13,601

Fair value measurement of land

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

In 2021, the Group hired independent valuators to perform valuation of the Group's 75% land portfolio. The value of land not included in the valuation of Inreal UAB was determined based on the average value per ha of land analysed and evaluated by Inreal UAB, which is located in the same subregion as land not included in the valuation. There were no significant changes in the value between the date of valuation and the end of the reporting period.

The valuation revealed that the value of the Group's land increased by EUR 2,093 thousand in 2022 (2021: EUR 1,221 thousand). The value of the Group's land also increased due to acquisition of new land over the reporting period until the valuation date. The average price of agricultural land increased from EUR 6 thousand per hectare in 2021 to EUR 6.7 thousand per hectare in 2022.

The table below summarises the changes in fair value of agricultural land in different regions during 2021 and 2022.

	At 31 December 2022			At 31 December 2021			Change in average value per ha	
Region	**Area (Ha)**	**Value (EUR '000)**	**Average value (EUR/Ha)**	**Area (Ha)**	**Value (EUR '000)**	**Average value (EUR/Ha)**	**Change, EUR**	**Change, (%)**
Total	**4 835***	**32,178**	**6,655**	**4 966***	**29,875**	**5,995**	**660**	**11,01**
Radviliškis	968	7,073	7,306	1 009	6,742	6,684	622	9,31
Jonava	393	2,704	6,884	428	2,608	6,090	794	13,04
Šakiai	530	4,270	8,055	530	3,937	7,428	627	8,44
Šiauliai	364	2,381	6,546	362	2,358	6,515	31	0,47
Kėdainiai	307	2,550	8,318	319	2,258	7,085	1,233	17,40
Jurbarkas	345	1,886	5,462	380	1,832	4,822	640	13,28
Anykščiai	308	1,496	4,863	308	1,477	4,804	59	1,23
Raseiniai	402	2,498	6,218	406	2,176	5,354	864	16,14
Panevėžys	330	2,175	6,586	333	1,946	5,849	737	12,60
Mažeikiai	186	1,187	6,373	189	1,010	5,359	1,014	18,92
Other	703	3,958	5,632	703	3,530	5,020	612	12,19

* The Group holds title to 4,783 ha (2021: 4,914 ha) out of 4,835 ha (2021: 4,966 ha) of land. The remaining land of 52 ha is consolidated in the Group's financial statements based on share repurchase agreement of the company holding title to this land.

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

6. Right-of-use assets

GROUP	Land	Buildings and structures	Plant and machinery	Motor vehicles	Total
At 1 January 2021					
Cost or revalued amount	46,020	1,009	8,285	542	55,856
Accumulated depreciation	(11,214)	(272)	(1,905)	(97)	(13,488)
Net book amount	**34,806**	**737**	**6,380**	**445**	**42,368**
Net book amount at 1 January 2021	**34,806**	**737**	**6,380**	**445**	**42,368**
- additions	2,337	-	1,902	123	4,362
- write-offs and disposals	-	-	-	-	-
- effect of modifications	8,020	(43)	-	-	7,977
- depreciation	(6,351)	(132)	(942)	(78)	(7,502)
- reclassifications	-	-	-	-	-
Net book amount at 31 December 2021	**38,812**	**562**	**7,340**	**490**	**47,204**
At 31 December 2021					
Cost or revalued amount	56,377	966	10,186	665	68,194
Accumulated depreciation	(17,565)	(403)	(2,846)	(175)	(20,989)
Net book amount	**38,812**	**562**	**7,340**	**490**	**47,204**
Net book amount at 1 January 2022					
- additions	168	-	19	-	187
- write-offs and disposals	-	-	-	-	-
- effect of modifications	8,777	50	-	-	8,828
- depreciation	(6,679)	(114)	(1,020)	(84)	(7,897)
- reclassifications	-	-	-	-	
Net book amount at 31 December 2022	**41,079**	**498**	**6,339**	**406**	**48,322**
At 31 December 2022					
Cost or revalued amount	65,322	1,019	10,205	665	77,212
Accumulated depreciation	(24,243)	(521)	(3,866)	(259)	(28,890)
Net book amount	**41,079**	**498**	**6,339**	**406**	**48,322**

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

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

COMPANY	Buildings and structures	Motor vehicles	Total
At 1 January 2021			
Cost or revalued amount	1,009	74	1,083
Accumulated depreciation	(272)	(14)	(286)
Net book amount	**737**	**60**	**797**
Net book amount at 1 January 2021	**737**	**60**	**797**
- additions		53	53
- write-offs and disposals		-	-
- effect of modifications	(43)	-	(43)
- depreciation	(132)	(17)	(149)
- reclassifications		-	-
Net book amount at 31 December 2021	**562**	**96**	**658**
At 31 December 2021			**0**
Cost or revalued amount	966	127	1,093
Accumulated depreciation	(403)	(31)	(434)
Net book amount	**562**	**96**	**658**
Net book amount at 1 January 2022			**-**
- additions		-	-
- write-offs and disposals		-	-
- effect of modifications	50	-	50
- depreciation	(114)	(17)	(131)
- reclassifications		-	-
Net book amount at 31 December 2022	**498**	**79**	**577**
At 31 December 2022			**-**
Cost or revalued amount	1,019	127	1,146
Accumulated depreciation	(521)	(48)	(569)
Net book amount	**498**	**79**	**577**

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

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

7. Investments in Subsidiaries

	2022	2021
At 1 January	**106,675**	**96,433**
Capitalised non-current receivables from subsidiaries	-	10,000
Acquisition of subsidiaries / additions	16	242
Disposal of subsidiaries	(3)	-
At 31 December	**106,688**	**106,675**

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

Impairment

As at 31 December 2022 and 2021, the Company's management performed impairment test for the cost of investments in subsidiaries. During the test, the cost of investments in subsidiaries operating in the segments of crop growing, livestock, mushroom growing and consumer packaged goods was compared against the net assets value of those subsidiaries as at 31 December 2022. Where the net assets value was lower than the carrying amount of the investment, the management concluded that there existed impairment indications for the investment in that segment and estimated the recoverable amount of the specific segment using the discounted cash flow method. The results of impairment test of mushroom growing segment showed that there were indications of impairment, i.e., the net assets value was lower than the carrying amount of the investment. The segments of mushroom growing and consumer packaged goods include the investment in Baltic Champs UAB group comprising Baltic Champs UAB and Grybai LT UAB. Accordingly, the impairment test was based on forecast cash flows from the entire Baltic Champs UAB group. The forecast annual cash flows were determined with reference to the budget for 2023. The calculations were based on assumptions listed in the table below. Subsequently, the present value of those future cash flows was determined and it was compared against the cost of investments in Baltic Champs UAB. Since the resulting value was higher than the cost of investment, it was concluded that there was no impairment for the investment in Baltic Champs UAB.

The following assumptions were used in the impairment tests:

Assumption	At 31 December 2022	At 31 December 2021
Forecast period	5 years	5 years
Annual growth rate	5%	5%
Discount rate (WACC):	7.72%	5.56%

No impairment loss or reversal of previous impairment loss for investments in subsidiaries were recognised in 2022 and 2021.

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

			Impairment loss, EUR '000			
	Change in assumption		Increase in assumption		Decrease in assumption	
Assumption	2022	2021	2022	2021	2022	2021
Annual growth rate	1 p.p.	1 p.p.	No impact	No impact	No impact	No impact
WACC	0.5 p.p	0.5 p.p	No impact	No impact	No impact	No impact
EBITDA	5 p.p.	-	No impact	-	No impact	-

8. Intangible Assets

	GROUP			COMPANY
	Goodwill	Other intangible assets	Total	Other intangible assets
At 1 January 2021				
Cost	3,465	404	3,869	31
Accumulated amortisation	-	(392)	(392)	(26)
Net book amount	**3,465**	**12**	**3,477**	**5**
Net book amount at 1 January 2021	**3,456**	**12**	**3,477**	**5**
- additions	-	18	18	7
- amortisation	-	(10)	(10)	(2)
- reclassification to right-of-use assets	-	-	-	-
Net book amount at 31 December 2021	**3,456**	**20**	**3,485**	**10**
At 31 December 2021				
Cost	3,465	418	3,883	38
Accumulated amortisation	-	(398)	(398)	(28)
Net book amount	**3,465**	**20**	**3,485**	**10**
Net book amount at 1 January 2022	**3,465**	**20**	**3,485**	**10**
- additions	-	753	753	728
- amortisation	-	(16)	(16)	(6)
- reclassification	-	1,021	1,021	1,021
Net book amount at 31 December 2022	**3,456**	**1,778**	**5,243**	**1,753**
At 31 December 2022				
Cost	3,465	2,177	5,642	1,787
Accumulated amortisation	-	(399)	(399)	(34)
Net book amount	**3,465**	**1,778**	**5,243**	**1,753**

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

As at 31 December 2022, the Group's (Company's) other intangible assets included amount of EUR 1,646 thousand related to development of tractors.

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

Goodwill – Grybai LT KB

In 2020, the Group entity Baltic Champs UAB together with other Group entities capitalised the loans granted to Grybai LT KB and bought out the member shares from the remaining minority members of Grybai LT KB, as a result of which the Group took over full control of Grybai LT KB. Baltic Champs UAB holds 95% of member shares in Grybai LT KB, and the remaining 5% of member shares are held by other Group entities.
Grybai LT KB is engaged in production of consumer packaged goods. Before acquisition of control over Grybai LT KB, Grybai LT KB was engaged in provision of production services to the Group and production of consumer packaged goods (soup, canned vegetables, etc.). As the Group was seeking to expand the production of consumer packaged goods, to control and improve the production process, it acquired control over Grybai LT KB.
Acquisition of Grybai LT KB resulted in recognition of goodwill of EUR 3,465 thousand. Goodwill arose from potential synergy of business activities of the Group entities. Goodwill is not amortised, but tested annually for impairment (Note 2.6).

Impairment of goodwill

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

The following assumptions were used in impairment test:

Assumption	**At 31 December 2022**	**At 31 December 2021**
Forecast period	5 years	5 years
Forecast revenue for first period	EUR 9.6 million	EUR 8.4 million
Annual growth rate of revenue	5%	5%
Annual growth rate of expenses	5%	5%
Annual growth rate beyond 5-year period	1%	0%
Forecast EBITDA margin	21%	23%
Discount rate (after-tax WACC)	8.07%	7.23%
Expected capital expenditure approximates depreciation charges	Yes	Yes

As a result of impairment tests, no impairment was determined by the Group for cash-generating unit Grybai LT KB as at 31 December 2022 and 2021.

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

Changes in assumptions	**Change in assumption**	**Impact on increase in impairment at 31 December 2022 and 2021**
Annual decrease in revenue and cost of sales during the forecast period	10 p.p.	No impact
Decrease in annual growth rate	1 p.p.	No impact
Increase in discount rate (WACC)	0.5 p.p.	No impact
Decrease in EBITDA margin	5 p.p.	No impact

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

9. Biological Assets

The Group's biological assets comprised as follows as at 31 December:

	At 31 December 2022	**At 31 December 2021**
Livestock	10,515	9,993
Total non-current biological assets	**10,515**	**9,993**
Crops	17,464	17,108
Mycelium cultivation seedbed	2,419	2,290
Total current biological assets	**19,883**	**19,398**
Total biological assets	**30,398**	**29,391**

LIVESTOCK

Value of the Group’s livestock, EUR ‘000	Dairy cows	Heifers	Other livestock	Total
At 31 December 2020	**6,310**	**3,344**	**45**	**9,699**
Additions	-	205	-	**205**
Increase (birth)	-	74	47	**121**
Makeweight	-	3,253	382	**3,635**
Reclassifications from other categories	3,613	(3,615)	2	**-**
Disposals	(609)	(117)	(172)	**(898)**
Natural mortality (recognised as change in fair value of biological assets (Note 22)	(257)	(79)	(27)	**(363)**
Gain/(loss) on change in fair value of biological assets (Note 22)	(2,167)	(64)	(175)	**(2,406)**
At 31 December 2021	**6,890**	**3,001**	**102**	**9,993**
Additions	-	-	4	**4**
Increase (birth)	-	55	61	**116**
Makeweight	-	3,202	426	**3,628**
Reclassifications from other categories	2,561	(2,561)	-	**-**
Disposals	(673)	(159)	(304)	**(1,136)**
Natural mortality (recognised as change in fair value of biological assets (Note 22)	(320)	(52)	(13)	**(385)**
Gain/(loss) on change in fair value of biological assets (Note 22)	(1,659)	93	(139)	**(1,705)**
At 31 December 2022	**6,799**	**3,579**	**137**	**10,515**

Quantity of the Group’s livestock, units:

	Dairy cows	Heifers	Other livestock	Total
At 31 December 2020	**3,471**	**2,744**	**246**	**6,461**
Additions	-	158	-	158
Increase (birth)	-	1,997	1,562	3,559
Reclassifications between categories	1,253	(1,264)	11	-
Disposals	(1,007)	(428)	(1,420)	(2,855)
Natural mortality	(140)	(301)	(143)	(584)
At 31 December 2021	**3,577**	**2,906**	**256**	**6,739**
Additions	-	-	-	-
Increase (birth)	-	1,842	1,588	3,430
Reclassifications between categories	1,022	(1,022)	-	-
Disposals	(976)	(338)	(1,402)	(2,716)
Natural mortality	(166)	(228)	(115)	(509)
At 31 December 2022	**3,457**	**3,160**	**327**	**6,944**

In 2022, the Group produced 27,159 tons of milk (2021: 27,499 tons).

Fair value measurement of dairy cows

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

The following assumptions were used in fair value measurement:

Assumption	At 31 December 2022	At 31 December 2021
Forecast period	4 years	4 years
Average milk price	0.550 EUR/kg	0.436 EUR/kg
Useful life of cow herd	1-4 years	1-4 years
Average yield per cow	22.35 kg per day	24.45 kg per day
Discount rate (after-tax WACC)	7.72%	7.22%

Sensitivity to changes in key assumptions of dairy cows
A 5% change in the milk price over the next 4-year period would result in EUR 1,252 thousand (2021: EUR 1,086 thousand) change in the fair value of the cow herd.

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

Fair value measurement of heifers and other non-dairy livestock

The fair value measurement of the Group's other livestock is based on the average price of meat per kilo. For young bulls and heifers, the fair value is measured by multiplying the market prices of meat per kg (meat market price depends on the age group of livestock) by the total weight of livestock in corresponding category.
A 10% change in the market price of meat would result in EUR 369 thousand (2021: EUR 308 thousand) change in the fair value of the Group's non-dairy livestock.

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

Milk is sold daily right after the milking.

CROPS

Value of the Group's crops, EUR '000

	Crops
At 1 January 2021	**14,903**
Seeding and other costs before point of harvest	21,406
Harvest of crops/mushrooms	(30,820)
Effect of change in fair value on initial recognition of agricultural produce (Note 22)	(5,489)
Autumn seeding and land tillage for spring	14,774
Effect of change in fair value on initial recognition of agricultural produce – winter crops (Note 4, 22)	2,334
At 31 December 2021	**17,108**
Seeding and other costs before point of harvest	23,954
Harvest of crops/mushrooms	(43,888)
Effect of change in fair value on initial recognition of agricultural produce (Note 22)	2,826
Autumn seeding and land tillage for spring	15,499
Effect of change in fair value on initial recognition of agricultural produce – winter crops (Note 4, 22)	1,965
At 31 December 2022	**17,464**

Balances of the Group's crops by type:

2022	**Winter wheat**	**Winter rapeseed**	**Winter rye**	**Winter barley**	**Summer crops**	**Total**
Total seeded area (tilled land), ha	10,249	1,651	294	765	25,555	**38,514**
Total costs incurred, EUR '000	5,321	1,272	156	400	8,351	**15,499**
Average costs per ha (EUR)	519	771	529	523	327	**402**
2021						
Total seeded area (tilled land), ha	10,815	2,408	333	229	24,832	**38,618**
Total costs incurred, EUR '000	5,124	1,384	198	73	7,994	**14,774**
Average costs per ha (EUR)	474	575	595	318	322	**383**

In 2022, the Group's harvest was over 107 thousand tons of grains and vegetables (2021: 112 thousand tons).

Result on initial recognition of fair value of biological assets was loss of EUR 3.16 million in 2021 and gain of EUR 4.56 million in 2022. Such significant improvement of the result was driven by more favourable weather conditions in 2022 compared to 2020/2021 season.

Fair value measurement of crops

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

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

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

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

- Costs incurred are the costs actually incurred in relation to particular type of crops during the period ended 31 December 2022
- Cultivated land area (ha) is the area in hectares seeded with particular type of crops and expected to be harvested.
- Historical average yields (tons per ha).
- Forecast price per ton. The fair value is calculated using the average sale prices of crops set in the contracts, after considering changes in the market. If the Group has or had no such contracts, the market prices are used to determine the value of crops harvested. If the market prices are not available or they are unreliable for the particular type of crops, the crops harvested are measured at cost.
- Forecast costs per ha. Historical average costs, after considering current situation.
- T is a proportion of time between the seeding date and the expected harvest date. As at 31 December 2022, the proportion of time was on average 34% (2021 - 37%).

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

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

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

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

MYCELIUM CULTIVATION SEEDBED

	Mycelium cultivation seedbed
At 31 December 2020	**2,149**
Seeding and other costs incurred before the point of harvest	27,833
Harvest of crops/mushrooms	(27,692)
At 31 December 2021	**2,290**
Seeding and other costs incurred before the point of harvest	29,429
Harvest of crops/mushrooms	(29,297)
At 31 December 2022	**2,419**

In 2022, the Group sold 11,245 tons of fresh mushrooms (2021: 12,002 tons).

Fair value measurement of mycelium cultivation seedbed

As at 31 December 2022 and 2021, the cost was used as an approximation of the fair value of mycelium cultivation seedbed, since only little biological transformation has taken place since the moment of incurrence of costs. The Group harvests the seedbed in production process at least 7-8 times annually.

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

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

Part of biological assets of the Group entities (around 26%) had been pledged under corporate mortgages as collateral for borrowings as at 31 December 2022 (31 December 2021: around 17%).

10. Inventories

	At 31 December 2022	**At 31 December 2021**
Agricultural produce	22,069	11,505
Raw materials and consumables	9,482	8,412
Herbaceous forage	4,369	4,914
Finished products	435	496
Other	267	305
Total	**36,622**	**25,632**
Write-down allowance	(1,381)	(1,536)
Carrying amount	**35,241**	**24,096**

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

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

The value of agricultural produce increased compared to the previous year due to rising prices and costs of produce and better yields due to more favourable weather conditions during 2021/2022 season. Yields in the previous year were severely affected by heatwaves, thereby resulting in lower volumes of produce. This year the Group managed to achieve significantly better yields of legume crops and higher quantity of wheat. In addition, the rising prices of agricultural produce also had a positive effect on overall increase in inventories.

Inventories expensed in 2022 amounted to EUR 63,940 thousand (2021: EUR 57,852 thousand).

As at 31 December 2022, most of the inventories of the Group entities (86%) had been pledged under corporate mortgages as collateral for borrowings (31 December 2021: 62%).

11. Trade and Other Receivables

	GROUP		COMPANY	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Trade receivables	6,830	4,656	8,511	4,167
Subsidies and grants receivable from the National Paying Agency (NPA)	998	1,455	-	-
Receivables from natural persons	80	83	3	2
Receivable on disposal of subsidiaries (Note 3)	3,106	3,106	-	-
Loan granted	518	449		
Other receivables	12	477	11	12
Total	**11,544**	**10,226**	**8,525**	**4,181**
Less: loss allowance for receivable on disposal of subsidiaries	(3,106)	(3,106)	-	-
Less: loss allowance for other receivables	(89)	(132)	-	-
Trade and other receivables, net	**8,350**	**6,988**	**8,525**	**4,181**
Non-current portion	518	449	5,817	-
Current portion	**7,832**	**6,539**	**2,708**	**4,181**

A part of the Company's trade receivables were classified as non-current based on the expected recoverable amount from the subsidiaries within one financial year and in later periods. The expected recoverable amount within one financial year will cover the Company's non-current borrowings from the parent (Note 16).

Assets pledged as collateral
When assessing the financial position of all Group entities individually, a part of trade and other receivables amounting to EUR 49,870 thousand were pledged under corporate mortgages as collateral for borrowings as at 31 December 2022 (31 December 2021: EUR 30,854 thousand).

12. Other Current Assets

	GROUP		COMPANY	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Prepayments	2,415	2,429	161	151
Deferred expenses	1,407	1,285	191	178
VAT receivable	18	641	13	7
Total	**3,840**	**4,355**	**365**	**336**

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

13. Cash and Cash Equivalents

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

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Cash at bank	3,309	2,398	9	10
Cash on hand	28	48	-	-
Carrying amount	**3,337**	**2,446**	**9**	**10**

As at 31 December 2022 and 2021, the Group did not recognise loss allowance for cash and cash equivalents because the expected loss rates were immaterial, as disclosed in Note 11.

14. Financial Instruments by Category

	GROUP		COMPANY	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Financial assets at amortised cost				
Trade receivables	6,742	4,524	8,511	4,167
Subsidies receivable from the NPA	998	1,455	-	-
Other receivables	610	1,009	14	14
Cash and cash equivalents	3,337	2,446	9	10
Total	**11,687**	**9,434**	**8,534**	**4,191**

	GROUP		COMPANY	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Financial liabilities at amortised cost				
Borrowings	69,798	57,465	32,034	24,361
Lease liabilities	47,229	45,519	576	667
Trade payables	25,352	19,482	846	388
Other payables	192	981	21	18
Total	**142,573**	**123,447**	**33,477**	**25,434**

15. Equity

Share capital

In June 2022, the first share options were ultimately exercised, which were signed in 2019 under the Employee Option Plan, and 2,297,850 ordinary registered shares were granted to employees. Accordingly, the Group's/Company's share capital increased by EUR 666 thousand and amounted to EUR 66,617 thousand as at 31 December 2022 (31 December 2021: EUR 65,951 thousand). As at 31 December 2022, the share capital was divided into 229,714,102 ordinary registered shares (31 December 2021: 227,416,252 ordinary registered shares) with the nominal value of EUR 0.29 each. All the shares have been fully paid. Each share vests typical tangible and intangible rights as set forth in the Lithuanian Law on Companies and the Company's Articles of Association.

Share premium

The share premium reserve was formed following the completion of the secondary public offering held on 23 August 2018. The share premium reserve amounted to EUR 6,707 thousand as of 31 December 2022 (31 December 2021: EUR 6,707 thousand).

Legal reserve

The legal reserve is compulsory under the Lithuanian laws. Annual transfers of at least 5% of net profit, calculated in accordance with the Lithuanian regulatory legislation on accounting, are compulsory until the reserve reaches 10% of the authorised share capital. The legal reserve can be used to cover the accumulated losses only. The legal reserve of the Group/Company amounted to EUR 2,041 thousand as of 31 December 2022 (31 December 2021: EUR 2,041 thousand).

Revaluation reserve

The Group's revaluation reserve represents change in the value of land owned by the Group. At the end of each year, the Group initiates land portfolio valuation. Based on he revaluation, the value of the Group's land increased by EUR 1,924 thousand (2021: EUR 1,2211 thousand) due to rise in the average price of agricultural land in 2022. The reserve for revaluation of land (after tax) increased by EUR 1,599 thousand (2021: EUR 1,038 thousand) and amounted to EUR 11,849 thousand (31 December 2021: EUR 10,250 thousand).

Reserve for share-based payments to employees

In 2018 the Group/Company formed a reserve for share-based payments to employees amounting to EUR 957 thousand. In April 2019, the reserve for share-based payments to employees was increased by EUR 667 thousand as a result of implementation of the Employee Option Plan and amounted to EUR 1,624 thousand as at 31 December 2019. In April 2020, the reserve for share-based payments to employees was increased by EUR 855 thousand as a result of implementation of the Employee Option Plan and amounted to EUR 2,509 thousand as at 31 December 2020. According to the shareholders' decision in 2021 this reserve was increased by 1,700,000 shares with the nominal value of EUR 0.29 each, and the total amount transferred to this reserve was EUR 493 thousand. In 2022, the reserve was increased by EUR 493 thousand. In 2022, the first share options were exercised and the shares were granted to employees, thereby resulting in EUR 666 thousand decrease in reserve for share-based payments to employees. As at 31 December 2022, the reserve for share-based payments to employees amounted to EUR 2,829 thousand (EUR 3.002 thousand as at 31 December 2021).

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

Reserve for share-based payments to employees	Number of shares, units	Value, EUR '000
Total reserve at 31 December 2020	**8,651,724**	**2,509**
Shares allocated to employees under share options as at 31 December 2021	7,167,391	2,079
Unallocated shares as at 31 December 2021	3,184,333	923
Total reserve at 31 December 2021	**10,351,724**	**3,002**
Shares allocated to employees under share options as at 31 December 2022	6,259,716	1,816
Unallocated shares as at 31 December 2022	3,494,158	1,013
Total reserve at 31 December 2022	**9,753,874**	**2,829**

In 2022, the Group recognised employee benefit expenses of EUR 589 thousand (2021: EUR 562 thousand) in relation to share options allocated under the Employee Option Plan.

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

16. Borrowings

	GROUP		COMPANY	
	At 31 December 2022	At 31 December 2021	At 31 December 2022	At 31 December 2021
Non-current				
Borrowings from credit institutions	17,498	26,748	2,343	-
Bonds	19,409	19,114	19,409	19,114
Other financial liabilities	253	253	-	-
Borrowings from the parent	-	-	2,694	2,519
Total	**37,160**	**46,115**	**24,446**	**21,633**
Current				
Borrowings from credit institutions	10,188	5,767	1,588	2,728
Credit lines	16,450	5,583	-	-
Bonds	6,000	-	6,000	-
Total	**32,638**	**11,350**	**7,588**	**2,728**
Total borrowings	**69,798**	**57,465**	**32,034**	**24,361**

Movements in borrowings from credit institutions and credit lines:

	GROUP		COMPANY	
	2022	2021	2022	2021
Balance at 1 January	**38,098**	**36,888**	**2,728**	**3,000**
Proceeds from borrowings during the year	4,118	6,500	1,803	1,360
Repayments of borrowings	(4,057)	(1,473)	(600)	(1632)
Use of credit lines	5,978	(3,817)	-	-
Interest charged	1,528	1,196	210	187
Interest paid	(1,528)	(1,196)	(210)	(187)
Balance at 31 December	**44,137**	**38,098**	**3,931**	**2,728**

Movements in bonds:

	GROUP		COMPANY	
	2022	2021	2022	2021
Balance at 1 January	**19,114**	**18,818**	**19,114**	**18,818**
Bonds issued during the year	6,000	-	6,000	-
Repayments of borrowings	-	-	-	-
Interest charged	1,517	1,541	1,517	1,541
Interest paid	(1,222)	(1,245)	(1,222)	(1,245)
Balance at 31 December	**25,409**	**19,114**	**25,409**	**19,114**

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

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

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

Credit lines
As at 31 December 2022, the Group's credit line limits amounted to EUR 19,950 thousand (31 December 2021: EUR 12,400 thousand). At the end of 2022 and 2021, the undrawn balance of credit lines amounted to EUR 3,500 thousand and EUR 6,817 thousand, respectively.

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

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

Loan from the parent company

The Company has borrowings from the Group's monetary fund – Žemės Vystymo Fondas 20.

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

	GROUP		COMPANY	
	2022	2021	2022	2021
Gross debt - fixed interest rates	(27,941)	(22,305)	(28,906)	(24,361)
Gross debt - floating interest rates	(41,857)	(35,160)	(3,128)	-
Total gross debt	**(69,798)**	**(57,465)**	**(32,034)**	**(24,361)**

Assets pledged as collateral
The Group's all borrowings from credit institutions have been secured with property, plant and equipment pledged as collateral (Note 5). In addition, the majority of agricultural entities have corporate mortgages, whereas mushroom growing company has pledged most of its non-current and current assets as collateral for borrowings (Notes 9, 10 and 11).

17. Lease Liabilities

	GROUP		COMPANY	
	At 31 December 2022	At 31 December 2021	At 31 December 2022	At 31 December 2021
Lease liabilities				
Lease liabilities for land	42,319	38,535	-	-
Lease liabilities for other assets	4,910	6,984	576	667
Total lease liabilities	**47,229**	**45,519**	**576**	**667**
Less: current portion of lease liabilities				
Lease liabilities for land	5,462	5,078	-	-
Lease liabilities for other assets	2,018	2,800	143	151
Total current lease liabilities	**7,479**	**7,878**	**143**	**151**
Total non-current lease liabilities	**39,750**	**37,641**	**433**	**516**

The Group's future minimum lease payments comprised as follows as at 31 December:

	At 31 December 2022		At 31 December 2021	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	10,315	7,479	10,405	7,878
Between 2 and 5 years	49,870	39,750	47,854	37,641
Minimum lease payments	**60,185**	**47,229**	**58,259**	**45,519**
Less: future finance charges	(12,956)	-	(12,740)	-
Present value of minimum lease payments	**47,229**	**47,229**	**45,519**	**45,519**

The Company's future minimum lease payments comprised as follows as at 31 December:

	2022		2021	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	179	143	164	151
Between 2 and 5 years	495	433	609	516
Minimum lease payments	**673**	**576**	**773**	**667**
Less: future finance charges	(97)	-	(106)	-
Present value of minimum lease payments	**576**	**576**	**667**	**667**

Movement in lease liabilities during the year:

	GROUP	COMPANY

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

	2022	2021	2022	2021
Balance at 1 January	**45,519**	**41,238**	**667**	**856**
New leases	934	4,105	-	64
Interest charged	2,978	2,892	27	44
Interest paid	(2,978)	(2,892)	(27)	(44)
Lease payments	(8,018)	(9,198)	(141)	(189)
Effect of lease modifications	8,794	9,374	50	(64)
Balance at 31 December	**47,229**	**45,519**	**576**	**667**

The Group's and the Company‘s lease liabilities have been secured by the lessor's title to assets acquired under lease by the lessee (Note 6). The fair value of the Group's lease liabilities approximates their carrying amount.

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

18. Grants

Grants related to assets
Movement in grants related to assets during the year:

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Balance at 1 January	**3,105**	**3,248**	**953**	**722**
Grants and subsidies received	1,831	380	-	380
Amortisation	(473)	(523)	(111)	(149)
Balance at 31 December	**4,463**	**3,105**	**842**	**953**

Grants related to assets will be recognised in the statement of profit or loss over the following periods:

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Within 1 year	383	544	111	170
After 1 year	4,080	2,561	731	783
Total	**4,463**	**3,105**	**842**	**953**

There are no unfulfilled conditions or other contingencies in relation to recognised grant income.

In 2022, similarly as in 2021, the Group received and recognised grants intended for the projects on construction of biogas power plants and mushroom growing robotisation, which are ongoing for a couple of years. The costs incurred in relation to implementation of the projects are accumulated under the PP&E category construction in progress. The robotisation project was completed in 2022 and the accumulated amounts were reclassified from construction in progress to plant and machinery. The projects on construction of biogas power plants are planned to be completed by the Group in 2023.

19. Deferred and Current Income Tax

Income tax in the statement of profit or loss comprised as follows:

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Current income tax	-	-	-	-
Change in deferred income tax	913	(843)	-	-
Income tax expense (benefit)	**913**	**(843)**	**-**	**-**

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

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Profit (loss) before income tax	(4,438)	(16,278)	(2,417)	(1,124)
Tax calculated at a rate of 15%	(666)	(2,442)	(363)	(169)
Tax effects:				
Non-taxable income	(2,447)	(2,302)	(326)	(400)
Non-deductible expenses	353	1,664	29	35
Current year tax losses for which no deferred tax asset is recognised	1,556	362	880	479
Changes in assumptions related to prior year	2,337	2,170		
Investment relief	(220)	(295)	(220)	(295)
Tax losses transferred to other Group entities (only the Company)			-	349
Income tax at a rate of 15%	**913**	**(843)**	**-**	**-**
Total income tax	**913**	**(843)**	**-**	**-**

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

In 2022 and 2021, all Group entities and the Company were subject to income tax rate of 15%.

Deferred income tax

Deferred income tax assets	**GROUP**		**COMPANY**	
	2022	**2021**	**2022**	**2021**
Loss allowance for receivables	221	683	-	-
Revaluation of land	-	9	-	-
Accumulated tax losses	2,959	2,959	-	-
Total deferred income tax assets	**3,180**	**3,651**	**-**	**-**
Offset against deferred income tax liability	(261)	(1,562)	-	-
Deferred income tax assets	**2,919**	**2,089**	**-**	**-**

Deferred income tax liabilities	**GROUP**		**COMPANY**	
	2022	**2021**	**2022**	**2021**
Adoption of IFRS 16	307	155	-	-
Change in fair value of winter crops on initial recognition	290	-		
Revaluation of land	1,527	2,960	-	-
Total deferred income tax liabilities	**2,124**	**3,115**	**-**	**-**
Offset against deferred income tax assets	(261)	(1,562)	-	-
Deferred income tax liabilities	**1,863**	**1,553**	**-**	**-**

GROUP

	Deferred income tax assets				**Deferred income tax liabilities**			
	Loss allowance for inventories and receivables	**Revaluation of land**	**Accumulated tax losses**	**Total deferred tax assets**	**Adoption of IFRS 16**	**Revaluation of land**	**Change in fair value of winter crops on initial recognition**	**Total deferred tax liabilities**
At 1 January 2021	**257**	**9**	**2,525**	**2,791**	**136**	**2,778**	**-**	**2,914**
Recognised in profit or loss	426	-	434	**860**	19	-	-	**19**
Recognised in other comprehensive income	-	-	-	**-**	-	183	-	**183**
At 31 December 2021	**683**	**9**	**2,959**	**3,651**	**155**	**2,960**	**-**	**3,115**
Recognised in profit or loss	(462)	(9)	-	**(471)**	152	-	290	**442**
Recognised in other comprehensive income	-	-	-	**-**	-	(1,433)	-	**(1,433)**
At 31 December 2022	**221**	**-**	**2,959**	**3,180**	**307**	**1,527**	**290**	**2,124**

In 2022, the change in deferred income tax in the statement of profit or loss represents the sum of EUR 471 thousand decrease in deferred income tax assets (2021: EUR 860 thousand increase) and EUR 442 thousand increase in deferred income tax liabilities (2021: EUR 19 thousand increase).

As of 31 December 2022 and 2021, deferred income tax was calculated using income tax rate of 15%.

In the management's opinion, the Group's deferred tax assets and liabilities will be realised after more than 12 months from the reporting date.

Deferred income tax assets are recognised to the extent it is probable that future taxable profit will be available against which tax benefits will be realised.

Deferred income tax assets are offset against deferred income tax liabilities when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax is related to the same tax authority.

Accumulated tax losses

	GROUP		**COMPANY**	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Total accumulated tax losses carry forward	80,916	70,541	22,443	17,118
Less: deferred income tax asset on tax losses carry forward	(19,727)	(19,727)	-	-
Total accumulated tax losses on which no deferred income tax asset was recognised	**61,189**	**50,814**	**22,443**	**17,118**

Under the Lithuanian Law on Corporate Income Tax, tax losses from operating activities can be carried forward indefinitely, and no more than 70% of current year taxable profit can be offset against tax losses accumulated from operating activities.

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

20. Trade Payables

	GROUP		COMPANY	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Trade payables	18,374	12,477	846	388
Payables under supplier financing arrangements	6,978	7,005	-	-
Total	**25,352**	**19,482**	**846**	**388**

21. Other Payables

	GROUP		COMPANY	
	At 31 December 2022	**At 31 December 2021**	**At 31 December 2022**	**At 31 December 2021**
Employment-related liabilities	2,422	2,289	326	266
Vacation reserve	1,343	1,338	340	287
Advance amounts received	280	890	-	-
Taxes payable	50	17	6	6
Deferred income	893	861	2	-
Other payables	194	980	21	18
Total	**5,182**	**6,375**	**695**	**577**

Other payables mostly include payables for lease of land to other entities and natural persons.

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

22. Segment Reporting

GROUP
Operating segments

Statement of profit or loss

2022	**Total**	**Total reportable segments**	**Dairy**	**Crop growing**	**Mushroom growing**	**Consumer packaged goods**	**Unallocated**
Revenue	156,226	141,922	20,875	83,238	27,892	9,917	14,304
Cost of sales (a)	(156,468)	(140,515)	(20,788)	(82,936)	(29,297)	(7,494)	(15,953)
Gross profit as reported to the Group's management (b)	(242)	1,407	87	302	(1,405)	2,423	(1,649)
Elimination of intragroup transactions							
Intragroup revenue	76,137	61,833	4,380	55,659	-	1,795	14,304
Intragroup cost of sales (c)	(76,238)	(60,285)	(5,882)	(53,288)	-	(1,115)	(15,953)
Eliminations, net (d)	(100)	1,549	(1,503)	2,371	-	680	(1,649)
Total revenue from external customers	80,088	80,088	16,496	27,578	27,892	8,122	-
Direct subsidies (e)	12,711	12,711	3,007	9,703	-	-	-
Total cost of sales to external customers (a)-(c)+(e)	(80,230)	(80,230)	(14,906)	(29,648)	(29,297)	(6,379)	-
Gain on change in fair value of biological assets (f)	2,701	2,701	(2,090)	4,791	-	-	-
Gross profit (b)-(d)+(e)+(f)	15,270	15,270	2,507	12,425	(1,405)	1,743	-
Depreciation included in cost of sales	5,824	5,824	633	2,413	1,847	932	

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

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

For the decision-making purposes, the Group has the following operating segments:

- Dairy – milk production and livestock raising.
- Crop growing – growing of wheat, legume crops, vegetables and other types of crops, including forage crops.
- Mushroom growing – growing of mushrooms and compost production.
- Consumer packaged goods – packaged products ready for use: canned vegetables, soups, ecological fresh vegetables, etc.
- Unallocated – accounting and management services provided by the Company to subsidiaries, also agricultural services, grain drying and storage services (intragroup).

Synergies between the operating segments:

a) Crop growing segment prepares feed for cows (corn silage, hay, haylage) and sells to dairy segment;
b) Dairy segment supplies manure (organic fertilizer) to crop growing segment;
c) Unallocated represents provision of agricultural and land lease services to the main segments, as well as grain drying and storage services, and lease of land and equipment to crop growing segment.

Largest customers of the Group by share of revenue they generate, %:

	2022	2021
BioCore B.V. (buyer of crops)	9.26	5.20
Okregowa Spoldzielnia Mleczarska w Piatnicy (buyer of milk)	7.13	7.62
ICA Sverige AB (buyer of mushrooms)	7.03	8.46
Nordic Sugar Kėdainiai (buyer of crops)	4.54	6.91
Total	**27.96**	**28.19**

Around 50% of total revenue of the Group was generated by 11 largest customers in 2022, while in 2021 around 50% of total revenue of the Group was generated by 10 largest customers.

Revenue by geographical territory is provided in the table below.

	2022	2021
Revenue by geographical territory (representing over 10% of the Group's total revenue)	**%**	**%**
Lithuania	33.87	29.56
Sweden	13.31	15.13
Germany	12.62	15.55
Other countries	40.20	39.77
Total	**100.00**	**100.00**

All property of the Group is domiciled in Lithuania.

COMPANY
The Company's revenue by nature:

	2022	2021
Business consultation and financial accounting services	3,847	3,248
Dividends from subsidiaries	2,057	2,359
Other revenue	31	6
Total	**5,935**	**5,613**

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

23. Cost of Sales

	2022	2021
Wages and salaries and social security contributions	15,749	13,762
Contractor services	10,676	9,348
Depreciation of PP&E	8,211	7,811
Raw materials	7,249	7,636
Selling expenses	7,205	6,381
Fuel expenses	5,089	2,702
Feed for cattle	4,169	3,803
Organic fertilizers	3,710	3,458
Seeds	3,426	3,315
Depreciation of ROU assets	3,416	4,530
Electricity and utility services	3,216	1,159
Spare parts and inventories	3,099	3,136
Inventory write-off expenses	2,390	4,756
Medicine	359	358
Inventory write-down allowance (reversal)	(155)	369
Other expenses	2 421	2,177
Less: direct government subsidies related to costs	(12 711)	(12,858)
Total	**67,519**	**61,841**

In 2022, wages and salaries and social security contributions increased significantly as a result of recovered workload due to more favourable weather conditions for the crop-growing segment compared to the previous year. Such increase was also driven by higher minimum monthly wage. In 2022, there was a considerable increase in fuel and other energy prices, which in turn caused growth of the latter and other expenses included in cost of sales.

Subsidies related to costs
In 2022, the Group recognised direct and ecological subsidies of EUR 12,953 thousand in the Group‘s statement of profit or loss (2021: EUR 12,858 thousand). Since these subsidies are related to costs, they were deducted from cost of sales.
The Group reclassifies the subsidies related to grasslands and pastures from crop growing to dairy segment in order to gain a better representation of the segments' results. Allocation between the segments is disclosed in Note 22.

24. Selling Expenses

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Marketing, advertising, intermediation	1,200	1,065	886	619
Wages and salaries and social security contributions	726	580	726	580
Transportation of products sold	516	365	-	-
Other selling expenses	170	208	-	-
Total	**2,612**	**2,218**	**1,612**	**1,199**

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

25. Administrative Expenses

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Wages and salaries and social security contributions	4,775	4,354	2,733	2,162
Depreciation of PP&E and ROU assets and amortisation of intangible assets	932	812	286	288
Insurance and taxes	918	799	70	75
Share-based payment expenses	589	562	589	562
Office supplies	633	654	124	58
Transport expenses	415	313	167	150
Fuel	364	256	117	71
Consultation and business plan preparation	323	273	235	201
Rent and utility services	320	387	63	30
Services of credit institutions	179	65	4	4
Real estate registration and notary fees	112	104	-	-
PP&E write-offs	5	23	-	-
Change in impairment of PP&E	(393)	-	-	-
Other	981	905	297	375
Total	**10,153**	**9,508**	**4,685**	**3,976**

Since April 2019 the Group/Company has approved the Employee Option Plan and accounts for expenses related to share-based payments to employees under the Employee Option Plan. Expenses are recognised consistently over a 3-year vesting period. For more details refer to the Note 2.28.

The table below presents the fees for the services provided by the audit firm to the Company and the Group in 2022 and 2021:

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
Financial statements audit services under contracts	173	100	100	60
Other services	-	1	-	1
Total	**173**	**101**	**100**	**61**

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

26. Dividends from Subsidiaries

During the Annual General Meetings of Shareholders of the Group entities held in 2022, the decisions were made to pay out dividends to the shareholders. In 2022, the Company received dividends from the Group entities in amount of EUR 2,057 thousand (2021: EUR 2,359 thousand).

	Shareholders’ share of dividends in 2022 (%)				Shareholders’ share of dividends in 2022 (EUR)		
Entity distributing dividends	AUGA Group AB	Other Group entities	Non-controlling interest	**Dividends (EUR)**	AUGA Group AB	Other Group entities	Non-controlling interest
Žemės Vystymo Fondas 20 UAB	100.00	-	-	**672,000**	**672,000**	-	-
AVG Investment UAB	100.00	-	-	**4,000**	**4,000**	-	-
AWG Investment 1 UAB	100.00	-	-	**1,154,000**	**1,154,000**	-	-
eTime invest UAB	100.00	-	-	**227,000**	**227,000**	-	-
Total	**-**	**-**	**-**	**2,057,000**	**2,057,000**	**-**	**-**

	Shareholders’ share of dividends in 2021 (%)				Shareholders’ share of dividends in 2021 (EUR)		
Entity distributing dividends	AUGA Group AB	Other Group entities	Non-controlling interest	**Dividends (EUR)**	AUGA Group AB	Other Group entities	Non-controlling interest
Žemės Vystymo Fondas 20 UAB	100,00	-	-	**781,000**	**781,000**	-	-
AVG Investment UAB	100,00	-	-	**9,000**	**9,000**	-	-
AWG Investment 1 UAB	100,00	-	-	**1,258,000**	**1,258,000**	-	-
eTime invest UAB	100,00	-	-	**311,000**	**311,000**	-	-
Total	**-**	**-**	**-**	**2,359,000**	**2,359,000**	**-**	**-**

27. Other Income

	GROUP		**COMPANY**	
	2022	**2021**	**2022**	**2021**
Interest income	40	348	30	106
Rental income (expenses)	114	145	6	6
Other income (expenses)	290	96	119	145
Total	**444**	**590**	**155**	**258**

28. Other Gain/(Loss), Net

	GROUP		**COMPANY**	
	2022	**2021**	**2022**	**2021**
Gain/(loss) on disposal of PP&E	297	(72)	-	-
Insurance benefits	55	112	1	-
Other	-	(40)	1	21
Total	**352**	**-**	**2**	**21**

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

29. Finance Costs

	GROUP		COMPANY	
	2022	2021	2022	2021
Interest on borrowings	2,470	1,640	235	186
Interest on bonds	1,815	1,532	1,815	1,532
Finance costs related to ROU assets (IFRS 16)	2,900	2,816	25	41
Foreign exchange loss	3	61	1	-
Change in fair value of derivative instruments	1	5	-	-
Interest on borrowings from subsidiaries	-	-	61	28
Other finance costs	348	405	66	54
Total	**7,537**	**6,459**	**2,203**	**1,841**

30. Basic and Diluted Earnings per Share

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

	GROUP		COMPANY	
	2022	2021	2022	2021
Net loss attributed to shareholders of the Company	(5,038)	(15,427)	(2,417)	(1,124)
Weighted average number of shares	228,624,984	227,416,252	228,624,984	227,416,252
Earnings (loss) per share (EUR)	**(0.02)**	**(0.07)**	**(0.01)**	**(0.01)**

31. Related-party Transactions

GROUP

Related parties are defined as all shareholders of AUGA Group AB (Note 1), i.e. Baltic Champs Group UAB and Kęstutis Juščius, who have significant influence over the Group entity through direct or indirect ownership interest with voting rights in that Group entity. Trading transactions with related parties were carried out on commercial terms and at market prices. In 2022 and 2021, the Group had no transactions with related parties. As at 31 December 2021, the Group had receivable amount of EUR 9 thousand from Kęstutis Juščius.

COMPANY

The Company‘s related parties are as follows:

- AUGA Group AB shareholders with significant influence;
- Subsidiaries of AUGA Group AB

The Company's transactions with related parties and balances of transactions were as follows:

2022

Related parties of the Company	**Loans granted**	**Receivables and prepayments**	**Borrowings**	**Payables**	**Interest on borrowings and other purchases**	**Sales and interest income**
Subsidiaries	-	8,381	2,694	279	265	3,290
Shareholders with significant influence						
Baltic Champs Group UAB	-	-	-	-	-	-
Kęstutis Juščius	-	-	-	-	-	-
Total	**-**	**8,381**	**2,694**	**279**	**265**	**3,290**

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

2021

Related parties of the Company	Loans granted	Receivables and prepayments	Borrowings	Payables	Interest on borrowings and other purchases	Sales and interest income
Subsidiaries	-	4,184	2,520	110	500	5,014
Shareholders with significant influence						
Baltic Champs Group UAB	-	-	-	-	-	-
Kęstutis Juščius	-	9	-	-	-	-
Total	**-**	**4,193**	**2,520**	**110**	**500**	**5,014**

Compensation to key management personnel

In the year ended 31 December 2022, the average number of the Group's and the Company's Board members and key management personnel was 6 members (2021: 6 members).

Payments to the Group's and the Company's Board members and key management personnel, EUR	2022	2021
Wages and salaries	221,276	198,308

32. Off-balance Sheet Commitments and Contingencies

Tax audits
No full-scope tax audit has been carried out by the tax authorities at the Group entities and the Company. The tax authorities may at any time inspect the Company's accounting, transaction records, other documentation and tax returns for the current and 3 last calendar years, and in some cases for the current and 5 or 10 last calendar years, and assess additional taxes and penalties. The Group's management is not aware of any circumstances which could give rise to additional tax liabilities.

The Group's commitments related to lease of low-value assets amounted to EUR 51 thousand in 2022 (2021: EUR 45 thousand).

Guarantees - Company
As at 31 December 2022, the Company had issued guarantees to banks to secure fulfilment of financial liabilities of the Group's subsidiaries for the total amount of EUR 38,812 thousand (2021: EUR 34,175 thousand).

33. Events After the Reporting Period

On 28 February 2023 and 14 March 2023, amendments to contracts were signed with Swedbank AB, confirming that no additional sanctions will be imposed in the event of non-compliance with the financial covenants (Note 3).

On 13 April 2023, confirmation was obtained from KŪB Pagalbos Verslui Fondas that no additional sanctions will be imposed in the event of non-compliance with the financial covenants (Note 3).

* * * *

ANNEXES

Corporate governance reporting form for the year ended 31 december 2022

The public limited liability company AUGA Group, AB (hereinafter referred to as the "**Company**"), acting in compliance with Article 12 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

Summary of the Corporate Governance Report:

According to the Articles of Association of Company the governing bodies of the Company are the General Shareholder's Meeting, the Board and CEO. The Company does not have a supervisory board, but supervision functions set by the Law on Companies of the Republic of Lithuania are performed by the Board, comprised from five independent members: Dalius Misiūnas, Andrej Cyba, Michaela Tod, Murray Steele and Tomas Krakauskas.

There is one committee in the Company - Audit Committee. The Audit Committee is an advisory body of the Board in matters related to accounting, audit, risk management, internal control and internal audit, supervision, budgeting and compliance. The Audit Committee consists of 3 independent members of the Board. The Company does not have a Nomination and Remuneration Committees as its functions are performed by the Board.

More information about the corporate governance, shareholders' rights, activities of the Board and the Committees are provided in the Consolidated Annual Report of Company for the year ended 31 December 2022 and in structured table of this Corporate Governance report.

Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTARY
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights **The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.**		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	The Company's documents and statutory information are publicly available on the Company's website (in Lithuanian and English). All shareholders have equal rights to participate in General Shareholders' Meetings and to take decisions that are important to the Company.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	The ordinary registered shares comprising the Company's share capital confer the same rights on all shareholders.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Company publicly discloses information about the rights attached to newly issued shares. Investors can find out about the rights attached to the shares already issued in the Articles of Association published on the Company's website.
1.4 Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES	Clause 6.4.25 of the Company's Articles of Association stipulates that the any decision on exceptional transactions of major importance, such as the transfer of all or substantially all of the Company's assets, which would effectively entail a disposal of the Company, is within the exclusive competence of the General Meeting of Shareholders.

1.5 Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	The venue of the General Meeting of Shareholders is in Vilnius, usually in the conference room of the business center where the Company's registered office is located. The procedures for convening and conducting the General Meeting of Shareholders comply with the provisions of the law and provide shareholders with equal opportunities to participate in the meetings and to have early access to draft decisions and other materials necessary for decision-making.
1.6 With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information for shareholders and investors is published on the Company's website and in the information system of the Nasdaq Vilnius Stock Exchange in Lithuanian and English.
1.7 Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their right to attend the General Meeting of Shareholders either in person or through a duly authorized representative. They can also vote in advance in writing by filling in a general ballot paper.
1.8 With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	NO	The Company does not comply with this Recommendation as the Company is currently unable to ensure the security of the information transmitted and to positively establish the identity of the person participating and voting. In the future, the Company will consider the possibility to implement this Recommendation.
1.9 It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	The draft resolutions of the General Meeting of Shareholders, should these questions be included on the agenda of the General Meeting of Shareholders, disclose the proposed nominations of new members of the Board, the proposed remuneration of the Board members, and the proposed appointment of an audit firm. The candidate questionnaires, which are made public and included in the shareholders' meeting materials, include information on the candidates' education, work experience and other positions held.
1.10 Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting	NOT APPLICABLE	During the Company's 2022.04.29 general meeting of shareholders, all the Company's shareholders expressed their will by submitting general ballots in advance and none of the shareholders attended the live meeting of shareholders, therefore the Company

of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.		had no opportunity to implement this recommendation.
Principle 2: Supervisory board ***2.1. Functions and liability of the supervisory board*** ***The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.*** ***The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.***		
2.1.1 Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	NOT APPLICABLE	The Company does not have a supervisory board.
2.1.2 Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	NOT APPLICABLE	
2.1.3 The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	NOT APPLICABLE	
2.1.4 Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	NOT APPLICABLE	
2.1.5 The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	NOT APPLICABLE	
2.1.6 The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	NOT APPLICABLE	

2.2. Formation of the supervisory board **The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance**		
2.2.1 The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	NOT APPLICABLE	
2.2.2 Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	NOT APPLICABLE	
2.2.3 Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	NOT APPLICABLE	
2.2.4 Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	NOT APPLICABLE	
2.2.5 When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
2.2.6 The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	
2.2.7 Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its	NOT APPLICABLE	

objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.		
Principle 3: Management Board **3.1. Functions and liability of the management board** **The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.**		
3.1.1 The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	In April 2020, the Board of the Company approved the Company's strategy, which is publicly available on the Company's website in Lithuanian and English. In April 2021 and 2022, the Board of the Company has submitted reports on the implementation of the Company's strategy together with the materials of the General Meeting.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs *inter alia* the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	YES	The Board, as the collegial governing body of the Company, performs the functions assigned to it by the law and the Articles of Association of the Company. In accordance with the requirements of the Law on Companies of the Republic of Lithuania, the Board, among other functions, also performs supervisory functions. Board meetings ensure effective oversight of the company's activities. The duties of this collegial body are in line with those laid down by Lithuanian law as required for an issuer whose securities are traded on a regulated market. In carrying out its functions, the Board takes into account the needs of the Company, its shareholders, employees and other stakeholders, and has as its primary objective the creation of a sustainable business.
3.1.3 The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	The Company's internal policies are approved by the Company's Board, and their implementation is discussed at Board meetings where the Company's Board hears reports on the implementation of these policies. The Company has adopted the following policies: ○ Code of Business Ethics ○ Environmental Policy ○ Policy on Human Rights, Non-Discrimination, Child and Forced Labour ○ Animal Welfare Policy ○ Suppliers' Code of Conduct ○ Policy on Prevention on Corruption and Conflicts of Interest ○ Occupational Safety and Health Policy The Company establishes risk management and control measures to ensure regular and direct accountability of the management. One such measure is the appointment of the Company's internal auditor, who is appointed by the Company's Board and reports directly to the Company's Audit Committee.

3.1.4 Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[5] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES	Please refer to 3.1.3
3.1.5 When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	In appointing the Chief Executive Officer of the Company, the Board aims to ensure an appropriate balance of qualifications, experience and competence.
3.2. Formation of the management board		
3.2.1 The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES,	The members of the Company's Board are elected by the General Meeting of Shareholders. The members of the Board nominated and elected by the General Meeting of Shareholders are qualified and competent to perform their functions and have many years of experience in such activities, as evidenced by the information on Board members' education, experience and other positions held, which is publicly available on the Company's website.
3.2.2 Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	The questionnaires of candidates for the Board, containing information about their education, qualifications, professional experience, positions held and involvement in other companies, are presented together with the draft resolutions to the General Shareholders' Meeting and are published as a material event notice so that shareholders can have access to this information before the General Meeting. These details about the current members of the Board are also provided in the Company's Annual Report each year.
3.2.3 All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	Upon election, all new members of the Board are briefed on the Company's activities and their main responsibilities, as well as on the legal requirements. Each year, a tour of the subsidiaries is organized for Board members to enable the Board to gain a better insight into the Company's operations. Board members are also regularly informed about changes in legislation and other developments that may have an impact on the company's operations.
3.2.4 Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	All Board members are appointed for a fixed term of two years, with the possibility of individual re-election for another term.

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

3.2.5 Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	YES	The Chairman of the Board is an independent member of the Board who has no connection with the Company or its controlling shareholder.
3.2.6 Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	YES	Members of the Company's Board actively participate in Board meetings and devote sufficient time to their duties as Board members.
3.2.7 In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[6], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	YES	All five members of the Board meet the criteria of independence provided for in the Law and self-assessment by the board members.
3.2.8 The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	The remuneration of the members of the Board is approved by the Company's General Meeting of Shareholders.
3.2.9 The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	To the best of the Company's knowledge, all members of the Board act for the Company's benefit and with the Company's interests in good faith, and not their own personal interests or those of third parties. To the best of the Company's knowledge, the members of the Board do not pursue any personal interests in their decision-making. The performance contracts concluded with the members of the Board contain provisions on the absence of conflict of interest, in addition to confidentiality and non-competition obligations.
3.2.10 Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance	YES	The Board has carried out a self-assessment in 2022. Information on the structure of the Board is provided in the Company's Annual Report and is published on the Company's website.

[6] For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

<table>
<tr><td>of the legal acts regulating the processing of personal data.</td><td></td><td></td></tr>
<tr><td colspan="3">Principle 4: Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.</td></tr>
<tr><td>4.1 The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.</td><td>NOT APPLICABLE</td><td>The Company does not have a Supervisory Board.</td></tr>
<tr><td>4.2 It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.</td><td>YES</td><td>Board meetings are convened in accordance with a pre-agreed schedule and are normally held at least once a month, or by e-mail when urgent decisions are required.</td></tr>
<tr><td>4.3 Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.</td><td>YES</td><td>The Board receive a notice about the meeting, the agenda of the meeting and all materials relating to the matters to be discussed at the meeting in advance.

The agenda is not normally changed during a meeting unless all members of the Board are present, or unless the absent members have indicated that they agree to the change of agenda.</td></tr>
<tr><td>4.4 In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.</td><td>NOT APPLICABLE</td><td>The Company does not have a Supervisory Board.</td></tr>
</table>

Principle 5: Nomination, remuneration and audit committees

5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1 Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[7].	NO	The Company's Board has established an Audit Committee but has not formed Remuneration or Nomination Committees.
5.1.2 Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	YES	The Company does not have Nomination and Remuneration Committees, as the independent Board partly covers the functions of these committees in the exercise of its functions. The Board of the Company appoints the Chief Executive Officer of the Company, determines his/her remuneration and makes recommendations to the Chief Executive Officer of the Company on the appointment and remuneration of persons in senior positions. The Rules of Procedure of the Company's Board stipulate that committees are to be formed only from members of the Board, however, in the presence of a five-member Board, the Company does not consider it expedient to form more than one committee.
5.1.3 In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	YES	Please refer to answer 5.1.2.
5.1.4 Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	YES	The Audit Committee is composed of three members, all of whom are independent members of the Board. The Chairman of the Audit Committee is not the Chairman of the Board.

[7] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

5.1.5 The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	YES	The functions and duties of the Audit Committee are set out in the Regulation of Audit Committee approved by the Board of the Company. The Audit Committee reports regularly to the Board. The above information on the Audit Committee is published on the Company's website and in the Annual Report.
5.1.6 With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	YES	The Audit Committee has the right to invite to its meetings the General Manager of the Company, member/members of the Management Board, Chief Financial Officer, employees responsible for finance, accounting and treasury issues, external auditors and other persons whose participation is necessary to discuss the issues provided by the Audit Committee
5.2. Nomination committee		
5.2.1 The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	NOT APPLICABLE	
5.2.2 When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	NOT APPLICABLE	

5.3 Remuneration committee		
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	NOT APPLICABLE	
5.4 Audit committee		
5.4.1 The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[8].	YES	The core functions and duties of the Company's Audit Committee are consistent with those set out in this Recommendation.
5.4.2 All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	The Regulation of Audit Committee provides for the right of Audit Committee members to receive this information, and the Audit Committee Members are presented with it.
5.4.3 The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	Please refer to answer 5.1.6.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	YES	The internal auditor and external auditors present their work plans and reports to the Audit Committee on a regular basis.

[8] Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

5.4.5 The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	YES	The functions of the Company's Audit Committee, as set out in the Regulation of Audit Committee approved by the Board, comply with the indicated Recommendation.
5.4.6 The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	YES	The Committee informs the Company's Board about its activities and performance results at least once per six months.
Principle 6: Prevention and disclosure of conflicts of interest **The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.**		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	This Recommendation is respected, as ensured by the provisions of the Board's Rules of Procedure, which stipulate that Board members must avoid any conflict of interest and, in the event of such a conflict, immediately inform the Board of the conflict. To the best of the Company's knowledge, there have been no cases of conflicts of interest involving Board members or CEO to this date.
Principle 7: Remuneration policy of the company **The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.**		
7.1 The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	The Company's Remuneration Policy was approved by the General Meeting of Shareholders of 30 April 2020 and is published on the Company's website. The Remuneration Policy is reviewed by the Board every four years and is submitted for approval for the annual general meeting. The Remuneration Policy may be amended having assessed the economic situation in the market, the financial results of the company, changes in the legislation governing the remuneration payment. The Company's Remuneration Policy applies to the CEO and the Board. The Remuneration policy of the Company is aligned with the approved strategy of the Company.
7.2 The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	The Company's Remuneration Policy covers all forms of remuneration applied by the Company.

7.3 With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	The remuneration of the members of the Board of is fixed and is approved by the General Meeting of Shareholders.
7.4 The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	YES	The Remuneration Policy provides sufficient detail on the CEO's remuneration policy. The severance pay provisions in the Remuneration Policy are in line with these Recommendations.
7.5 In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	YES	The Company's Remuneration Policy applies only to the Board and the Chief Executive Officer. Board members do not participate in any incentive schemes. The CEO may be entitled to stock option schemes. The purpose of share option schemes is to create long-term value for shareholders and to increase the motivation and loyalty of the CEO to the company. The Remuneration Policy for the CEO is in line with these Recommendations.
7.6 The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	YES	Please refer to answer 7.1. In accordance with the statutory procedure, the Company published its Remuneration Report together with the Annual Report.
7.7 It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	YES	The Company's Remuneration Policy is approved and amended by the General Meeting of Shareholders. The Company's rules for granting stock options are approved and amended by the General Meeting of Shareholders.
Principle 8: Role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "*stakeholders*" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.**		
8.1 The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	The Company respects all the rights of stakeholders protected by law, which enables stakeholders to participate in the management of the company. More information on this in provided in the Company's Sustainable Business Report.

8.2 The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	Senior management staff attend meetings of the Company's Board. This enables the Company's employees to have influence on decisions important for the Company. The Company conducts employee surveys to better understand their attitudes towards their work and to identify strengths and areas for improvement. The Company also carries out specific community surveys. In the cases provided for by law, the Company would ensure that stakeholders are able to participate in the management of the Company.
8.3 Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	When the Company's employees participate in Board meetings, they are provided with all necessary information relating to agenda items. The company continuously educates its employees on climate change topics, elaborates the main issues and explains the technologies being developed, so that every employee can make the maximum contribution to the changes being pursued.
8.4 Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	YES	The Company operates a special e-mail address, etika@auga.lt, through which any stakeholder can anonymously report illegal or unethical practices. If such notifications were received, the Board would be informed immediately.
Principle 9: Disclosure of information **The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.**		
9.1 In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	YES	Please refer to each individual point separately.
9.1.1 operating and financial results of the company;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.2 objectives and non-financial information of the company;	YES	Disclosed quarterly in Interim and Annual Reports.
9.1.3 persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.4 members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.5 reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	YES	Depending on the nature of the information, this information is disclosed on the Company's website and/or in Interim and/or Annual Reports.

9.1.6 potential key risk factors, the company's risk management and supervision policy;	YES, except that The Company does not have a risk management and monitoring policy	Risk factors are disclosed in Interim and Annual Reports. The Company does not have a risk management and monitoring policy.
9.1.7 the company's transactions with related parties;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.8 main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.9 structure and strategy of corporate governance;	YES	Disclosed on the Company's website and in Interim and Annual Reports.
9.1.10 initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	YES	Disclosed quarterly in Interim and Annual Reports.
9.2 When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	Information is disclosed about the consolidated results of the whole group of companies
9.3 When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	Information is disclosed.
9.4 Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	The Company provides information to shareholders, investors and stock exchanges to the same extent and simultaneously in the Lithuanian and English languages and makes it available to the public in both Lithuanian and English on its website. It is also publicly announced in the Nasdaq Vilnius stock exchange system in Lithuanian and English
Principle 10: Selection of the company's audit firm **The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.**		
10.1 With a view to obtain an objective opinion on the company's financial condition and financial results, the	YES	An independent audit firm audits the consolidated set of annual financial statements of the Company

company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.		and its group of companies in accordance with the International Financial Reporting Standards applicable in the European Union. The audit firm also conducts a review of the Annual Report.
10.2 It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	YES	The nomination of the audit firm is proposed to the General Meeting of Shareholders by the Board of the Company.
10.3 In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	Remuneration on audit services is approved by the General Meeting of Shareholders. During 2022 the Company (its group companies) did not receive any other services from the auditors.

Confirmation of responsible persons

In accordance with the Law on Securities of the Republic of Lithuania and the Rules on the Information Disclosure approved by the Board of the Bank of Lithuania, we hereby confirm that, to the best of our knowledge, the attached consolidated and separate annual financial statements of AUGA group, AB for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flow of AUGA group, AB group. The consolidated annual report provides a true and fair overview of AUGA group, AB and its subsidiaries business development and operations and the position of undertakings in relation to the description of the main risks and contingencies faced thereby.

Chief Executive Officer	Kęstutis Juščius
Chief Financial Officer	Mindaugas Ambrasas