AUGA group, AB
Legal form: a Joint Stock Company
Legal entity code: 126264360
Headquarters: Konstitucijos av. 21C, Vilnius

AUGA group, AB
RESTRUCTURING PLAN (A DRAFT)

Compiled by
AUGA group, AB

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INTRODUCTION

All the information provided, which relates to the draft restructuring plan, is preliminary in nature and may change during the preparation of the final restructuring plan. According to the Law on Insolvency of Legal Entities of the Republic of Lithuania, it is required to prepare and submit to the competent court some of the information is of a commercial secret and confidential, therefore, due to its preparation and addition to this draft restructuring plan, the competence is assigned to the Board and the CEO of AUGA group.

The key goals of the AUGA group (the Company) in the period under restructuring include the repayment of debts to creditors within the agreed time frame that is specified in the restructuring plan and maintaining competitiveness in the market.

The Company expects the restructuring to last for four years (with a possibility of completing the restructuring process earlier) and to lead to the fruition of the following positive economic and social results:

- the Company's creditors would recover their debts and would not suffer economic losses due to unrecovered debts, since, under the circumstance of termination of the Company's activities, a significant debt component would remain completely unpaid;
- the restructured Company would have a positive economic effect on the country's development and GDP growth;
- the restructured Company would have a positive economic effect on the state's budget through taxes paid, which, at the same time, will have a positive socio-economic effect through payments from the state's budget;
- the restructuring will allow the Company to remain in the market and contribute to the development of competitive market which would have a positive impact on customers and promote the improvement of the quality of competitors' services.

For these reasons, the Company has decided to ensure the continuity of its activities and implement the prepared plans, with an aim to meet the creditors' claims.

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

1. GENERAL INFORMATION

1.1. INFORMATION ABOUT THE COMPANY UNDER RESTRUCTURING

Name of the Company:	Joint-stock Company AUGA group
Legal status:	Not registered
Registration date:	25 June 2003
Register where Company data is collected and processed:	Register of Legal Entities of the Republic of Lithuania (administrator - State Enterprise Centre of Registers)
Legal entity code:	126264360
VAT number:	LT100001193419
Company registration address:	Konstitucijos pr. 21C, Vilnius

Company business address:	Konstitucijos pr. 21C, Vilnius
Company telephone number:	+370 5 233 5340
Company e-mail:	Info@auga.lt
Company website:	www.auga.lt
Company bank account:	LT094010051005169946
Management bodies:	Collegial management body – the Board
Company manager:	Chief Executive Officer - Elina Chodzkaitė-Barauskienė
Main types of economic activities:	Main activity: primary agricultural production and production of more sustainable organic food, development of sustainable technologies for agriculture
Authorized capital:	EUR 67.203.000,00
Shareholders and number of shares they hold:	UAB Baltic Champs Group, UAB – 54.67% EBRD – 8.55% Žilvinas Marcinkevičius – 6.87% Other minor shareholders – 29.30%
Employees:	AB AUGA group, AB has 45 employees

1.2. COMPANY’S PERSONNEL AND MANAGEMENT

The share (authorized) capital of AUGA group, AB as of 31 December, 2023, is EUR 67.20 million, the Company's authorized capital consists of 231,735,132 ordinary registered shares with a nominal value of EUR 0.29. All issued shares are fully paid.

Information about the Company's management is provided below.

Table Nr. 1

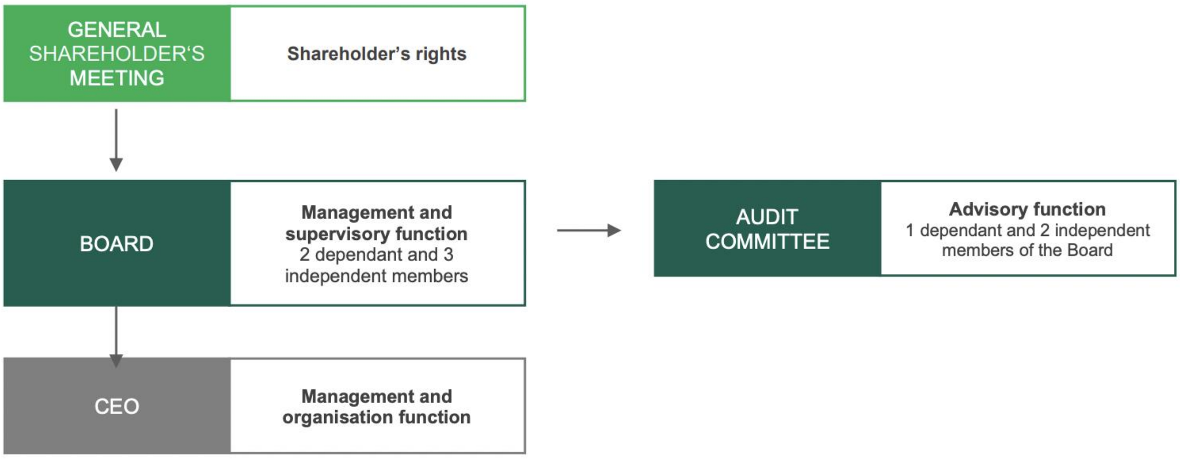
Name, surname	Positions in the Company
Elina Chodzkaitė-Barauskienė	CEO
Kęstutis Juščius	Chair of the Board
Kristina Daudoravičienė	Dependent member of the Board
Justina Klyvienė	Independent member of the Board
Andrej Cyba	Independent member of the Board
Peter Bryde	Independent member of the Board

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

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

▪ 3 Board members (60%) Peter Bryde, Andrej Cyba and Justina Klyvienė are considered to be independent members of the Board.

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



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

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

▪ to consider and approve the group's business strategy;

▪ to consider and approve the group's annual budget and business plan;

▪ to consider and approve the level of risk acceptable in the group's activities and the risk management policy;

▪ to consider and approve annual financial and non-financial targets for the Company's CEO;

▪ to supervise and manage, ensuring the group's compliance with good corporate governance practices.

The Board also appoints and dismisses the Company's CEO, who is responsible for organizing the group's management and activities and performs the function of supervising him/her. The Board approves the AUGA group Sustainable Business Report, provides comments and insights in the process of its preparation.

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

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

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

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

As of 31 December 2023, the authorized capital of AUGA group, AB was EUR 67.20 million (EUR 66.62 million as of 31 December 2022). The authorized capital of the Company consists of 231,735,132 ordinary registered shares (229,714,102 ordinary registered shares as of 31 December, 2022). The nominal value of each issued share is EUR 0.29, all shares are fully paid. The increase in the number of shares and authorized capital happened because in June 2023, the share option agreements signed in 2020 under the employee stock option program were finally implemented (exercised).

The total number of shareholders as of 31 December 2023, increased by 15.74% and was 3,442, while as of 31 December 2022, this number reached 2,974.

Since April 2, 2008, the Company's share issue - ISIN code LT0000127466 has been listed on the Vilnius Stock Exchange (ticker: AUG1L). Since 27 August 2018, the share issue has been on the Baltic Main List.

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

Table Nr. 2

Seq. No.	Name, surname, or company name	Number of shares held in the Company, units (number of votes granted, %), class of the shares
1.	Baltic Champs Group, UAB	126.686.760 (54.67 %) ordinary registered shares
2.	EBRD	19.810.636 (8.55%) ordinary registered shares
3.	Žilvinas Marcinkevičius	15.919.138 (6.87%) ordinary registered shares
4.	Other minor shareholders	69.318.598 (29.91%) ordinary registered shares

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

Number of employees at AUGA group, AB

Table Nr. 3

Number of employees	2023-01-01	2024-01-01	2024-10-31
Management (mid-level managers, team leaders)	12	9	9
Others (office workers-specialists)	74	45	36
TOTAL:	86	54	45

Source: data provided by the Company.

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

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

1.3. ACTIVITIES OF THE COMPANY AND THE COMPANY GROUP

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

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

The Company has been working for several years to find technological solutions that would reduce negative environmental footprint of greenhouse gas (the "GHG") emissions from one of the most polluting sectors in the world - the agricultural sector. In 2023, the factory version of the biomethane and electricity-powered tractor "AUGA M1" was introduced. According to the Company's calculations, one such tractor can save 114 tons of CO_2 per year, compared to fossil fuel-powered counterparts. The tractors of the first factory batch were tested in 2023 and moved to real- conditions farming operations. To improve the technology, ensure its reliability and start mass production, further tests were performed this year. During 2023, a prototype of another sustainable fuel-powered technology „AUGA E1" was also being developed.

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

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

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

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

In order to follow Company’s strategical goal to produce sustainable food for conscious consumers, a new line of sustainable organic products sourced from its eco-friendly Lithuanian farms was introduced. By the end of 2023, the product range expanded to 11 items, including milk, oats, eggs, and vegetables, securing a place on store shelves, and catering to environmentally conscious consumers.

AUGA group operates across five business segments, integrating sustainable agriculture and advanced technology. These include crop production, livestock farming, and the development of sustainable farming standards and technologies. The Company managed 38,200 hectares of land in 2023 most fertile Lithuania's regions, with 12.9% of it owned and the rest leased for better returns.

Despite financial challenges, AUGA group remained committed to its long-term strategy of advancing sustainable agricultural practices, reducing emissions, and offering sustainable products. Therefore, in the first half of 2023, a structure was created to meet the needs of the future business, consisting of the following companies: AUGA Tech, focusing on sustainable agricultural technologies; AUGA SOFA, ensuring the implementation of sustainable farming standards; and AUGA Trade, managing the production and supply of more sustainable food and raw materials.

The Company and its subsidiaries operate in Lithuania, carrying out agricultural activities in its most fertile areas, which amounted to 34.2 thousand ha in September 2024. 12.5% of the cultivated land belongs to the Group. AUGA group leases other lands, receiving a higher return than if it were to own it.

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

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

Table Nr. 4

Crop growing segment	30-06-2024	30-06-2023	31-12-2023	31-12-2022
Total land, (ha)	**37.758**	**38.19**	**38.19**	**38.525**
Wheat, (ha)	11.385	11.345	11.345	11.693
Legumes, (ha)	6.87	8.077	8.077	6.785
Other crops, (ha)	11.342	10.375	10.411	11.628
Feed, (ha)	7.624	7.157	7.122	7.676
Crop rotation, (ha)	537	1.236	1.235	743
Wheat, (t/ha)	5.66*	-	3.55	3.41
Legumes, (t/ha)	2.74*	-	1.41	2.32
Other crops, (t/ha)	6.52*	-	5.93	4.47
Feed, (t/ha)	-	-	7.69	6.83
Total yield value, (000 EUR)	**33.215**	**35.4**	**34.568**	**43.887**
Wheat, (000 EUR)	12.463	10.538	10.306	16.066
Legumes, (000 EUR)	3.309	7.485	5.342	9.39
Other crops, (000 EUR)	13.101	12.842	12.116	12.544
Feed, (000 EUR)	4.342	4.535	6.805	5.887

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

Table Nr. 5

Dairy segment	30-06-2024	30-06-2023	31-12-2023	31-12-2022
Average milk cow herd (cows)	**3.392**	**3.478**	**3.453**	**3.457**
Total product volumes sold (t.)	**14.649**	**13.459**	**25.72**	**26.594**
Milk (t.)	13.759	12.421	23.766	25.334
Milk products (t.)	318	632	1.077	457
Cattle(t.)	572	406	877	803

Milk output (000 EUR)	**8.333**	**7.767**	**14.745**	**16.496**
Milk (000 EUR)	6.33	5.421	10.385	13.477
Milk products (000 EUR)	1.023	1.755	3.093	1.711
Cattle (000 EUR)	980	591	1.267	1.308

▪ Mushroom cultivation – The Company's subsidiary Baltic Champs is one of the largest and most modern mushroom growers in the Baltic region. The Company supplies consumers with white and brown champignons, oyster, portobello, eringi, shiitake mushrooms, and produces compost used for mushroom cultivation.

Table Nr. 6

Mushroom growing segment	30-06-2024	30-06-2023	31-12-2023	31-12-2022
Mushrooms sold (t)	5.541	5.830	11.510	11.552
Income from mushrooms (000 EUR)	15.328	14.985	30.307	27.536
Mushroom selling costs (000 EUR)	-14.385	-13.989	-28.583	-28.941
Income from mushroom compost (000 EUR)	162	295	420	357
Mushroom compost selling costs (000 EUR)	-162	-295	-420	-357
Total profit from mushroom segment (000 EUR)	943	996	1.724	-1.405

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

▪ Sustainable agricultural technologies – the Company's indirect subsidiary, AUGA Tech, UAB develops and manufactures agricultural technologies that reduce GHG emissions. The Company is developing biomethane infrastructure, a hybrid biomethane and electric tractor "AUGA M1" for professional use, and other agricultural machinery. AUGA Tech, UAB is also developing specialized feed technology that reduces methane emissions from livestock farming.

1.4. FINANCIAL RESULTS OF THE COMPANY'S ACTIVITIES

The Company began its operations in 2003. As shown by the analysis of the Company's financial indicators for the last years (2022 – 2023), the Company's 2023 operating year was unprofitable and, according to the data of December 31st, 2023, the losses vcvcv v amounted to 4,295 thousand EUR.

Table No. 7

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

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

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

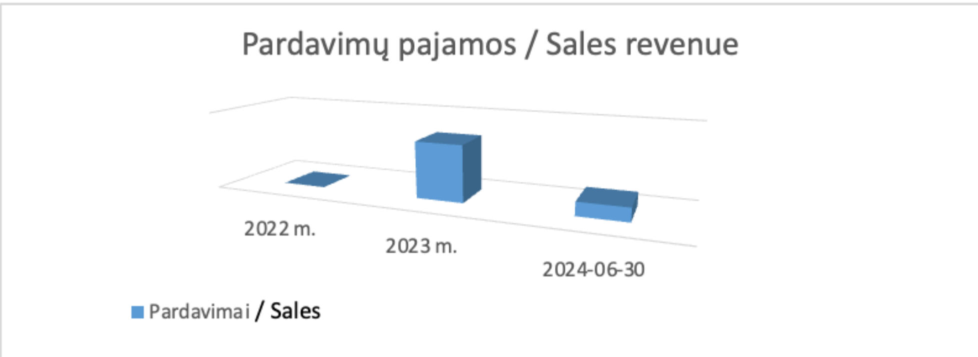
In 2022, sales revenue amounted to EUR 3,878 th. and dividends from subsidiaries amounted to 2,057 th. EUR, cost of sales respectively EUR 8 th., and operating expenses EUR 6,297 th. After evaluating all costs incurred (including financial), the Company incurred a loss of EUR 2,417 th.

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

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

COMPANY SALES REVENUE, EUR

Graph No.1



Note: All amounts in the tables are indicated in thousands of euro (000 EUR).

1.5. COMPANY'S ASSETS

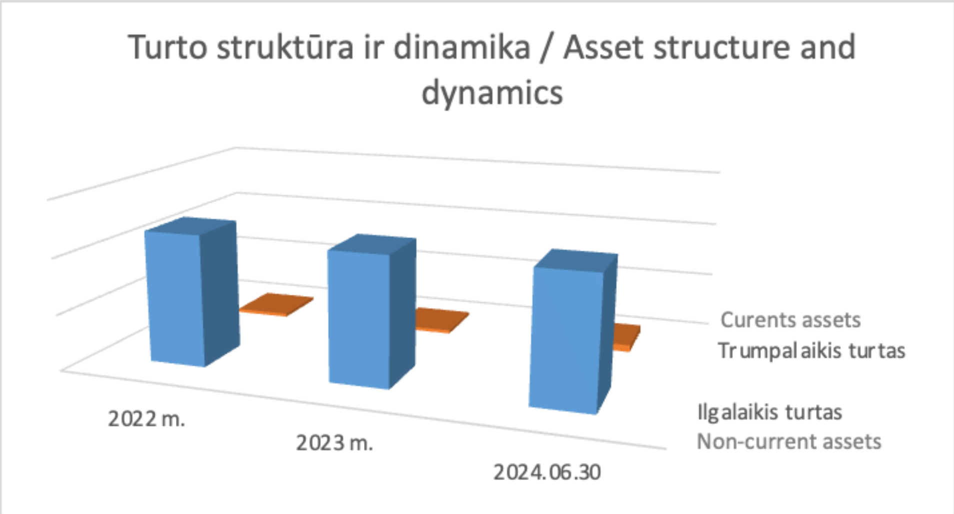
The Company's total assets as of 30 June 2024, were EUR 120.192 th. Non-current assets at residual value (according to the balance sheet) amounted to EUR 113.840 th. Current assets consist of:

- Inventories – EUR 31 th.;
- Trade and other receivables – EUR 6.058 th.;

- Other assets – EUR 261 th.;
- Cash and cash equivalents – EUR 2 th.

AUGA GROUP, AB ASSET STRUCTURE AND DYNAMICS

Graph No.2



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

Assets belonging to the Company and third parties (Group companies), as in the list , are pledged to the creditor KŪB "Pagalbos verslui fondas", in accordance with the Company's obligations under the issue of ordinary registered bonds, the total nominal value of which does not exceed EUR 6,000,000, which are issued in accordance with the decision of the Board of the Company (Debtor) dated 3 March 2022 and subscribed in accordance with the Bond Subscription Agreement signed by the Debtor and the Creditor on 18 March 2022, amended and supplemented, and in accordance with the loan agreement dated 18 March 2022.

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

Assets belonging to third parties (Group companies), as in the list , are pledged to the creditor UAB “PayRay bank” has pledged assets belonging to third parties (Group companies) according to the list (Annex No. 1) to the creditor UAB “PayRay bank” according to the loan agreement No. L202003015 dated 27 March 2020 for the proper performance of the Company’s obligations.

For the proper securing of the obligations of the Group companies:

- ŽŪB „AUGA Žadžiūnai”, ŽŪB „AUGA Lankesa”, ŽŪB „AUGA Jurbarkai”, “AUGA Želsvelė”, ŽŪB „AUGA Spindulys”, ŽŪB „AUGA Gustoniai” under the Credit Agreement No. KS/20-253 of 2020-11-25 and the proper securing of the obligations of the Group companies ŽŪB „AUGA Žadžiūnai”, ŽŪB „AUGA Lankesa”, ŽŪB „AUGA Jurbarkai”, “AUGA Želsvelė”, ŽŪB „AUGA Spindulys”, ŽŪB „AUGA Gustoniai”, UAB "AUGA Ramučiai" under the Credit Line Agreement No. KS/20-254 of 2020-11-25, the Company's assets are pledged to the creditor AB „Citadele banka”;
- Securing the obligations of UAB “Grain LT” under the Fertilizer and Feed Agreement No. AGRO/24/04-23/131 dated 29 April 2024, pledged by the Company’s assets to the creditor UAB Imlitex Agro;
- Securing the obligations of UAB “AWG investment 1” arising from all bonds issued under the General Terms and Conditions of UAB “AWG investment 1” up secured bonds of up to EUR 5,000,000 secured bonds approved on 18 April 2024, pledged by the Company’s assets are pledged to the creditor’s representative UAB “AUDIFINA”;
- Securing the obligations of UAB “AUGA Raseiniai” under the Simple (Conditional) Guarantee dated 27 May 2024, pledged by the Company’s assets are pledged to the creditor UAB “Imlitex”.
- The Company's assets belonging to the Company has been pledged to the creditor UAB "Bioga" secure the obligations of ŽŪB "AUGA Smilgiai" under the contract of 2024-11-06 for the installation of a biomethane degasification unit and the supply of biomethane.

For the proper securing of the obligations of the Group companies:

- The Company stood surety for the obligations of „Baltic Champs“, UAB under 2023-12-27 agreements No. BL-LTC-23000178 and No. BL-LTC-23000179 to the creditor AS Bigbank. Big Bank AS branch;
- The Company stood surety for the obligations of the agricultural companies AUGA Žadžiūnai, AUGA Lankesa, AUGA Jurbarkai, AUGA Želsvelė, AUGA Spindulys, AUGA Gustonys, AUGA Ramučiai under 2020-11-25 Credit agreements No. KS/20-253 and No. KS/20-254 to the creditor AS „Citadele bank“ Lithuanian branch;

- The Company stood surety for the obligations of UAB Agrotechnikos centras, UAB „AUGA Raseiniai," ŽŪB „AUGA Jurbarkai", ŽŪB „AUGA Smilgiai" under financial leasing agreements to the creditor SIA „Citadele leasing";
- The Company stood surety for the obligations of UAB „AUGA Smilgiai" under Credit Agreement No. KL-2021-08 dated 2021-05-19 to the creditor UAB „European Merchant Bank";
- The Company stood surety for the obligations of UAB „Grain LT" under Credit Line Agreement No. 183-T dated 2020-11-21 to the creditor Luminor Bank AS;
- The Company provided guarantees to the creditor Luminor Bank AS for the obligations of ŽŪB "AUGA Mantviliškis", UAB "Agrotechnikos centras", UAB "AUGA Luganta", ŽŪB "AUGA Smilgiai", ŽŪB "AUGA Vėriškės", ŽŪB "AUGA Grūduva", ŽŪB "AUGA Skėmiai", ŽŪB "AUGA Alanta", ŽŪB "AUGA Želsvelė" under the concluded financial leasing agreements;
- The Company stood surety to the creditors KB Lithuanian Central Credit Union and KB Credit Union Magnus for the obligations of AUGA Raseiniai, UAB and KB "Šventosios pievos" under the Syndicated Credit Agreement No. 20240723-S17 dated 23 July 2024 and the Syndicated Credit Agreement No. 20240723-S15 dated 4 July 2024;
- The Company stood surety for the obligations of UAB „Baltic Champs" under the Credit Agreement ŽEM202305-000023 dated 2023-05-08 to the creditor KB Credit Union Magnus;
- The Company stood surety for the obligations of KB „AgroMilk" and KB „Medeinos pienas" under the Credit Line Agreements No. KrLinABMB/202407/01377 and No. KrLinABMB/202407/01378 dated 2024-07-31 to the creditor AB „Mano bankas", AB;
- The Company stood surety for the obligations of Agrotechnikos centras, UAB under the Financial Leasing Agreements dated 2021-02-17 to the creditor „OP Finance", AB;
- The Company stood surety for the obligations of UAB Agrotechnikos centras under the Leasing Agreement dated 2023-05-26 to the creditor UAB Orion Leasing;
- The Company stood surety to the creditor UAB "SME bank" for securing the obligations of UAB Agrotechnikos centras under the Credit Agreement No. IVKSME/202306/00526 dated 28 June 2023 to SME bank, UAB;
- The Company additionally stood surety to the creditor URBO bank, UAB for the obligations of ŽŪB AUGA Dumšiškės, UAB AUGA Grūduva, ŽŪB AUGA Mantviliškis, ŽŪB AUGA Skėmiai for securing the obligations of these companies under the promissory notes issued by these companies;
- The Company stood surety to the creditor Taurus fonds, UAB for securing the obligations of UAB Agrotechnikos centras under the Agreement No. 2024/07/29-01 dated 29 July 2024 regarding securing the obligations of this company under the promissory notes issued by this company;
- The Company additionally stood surety for the obligations of UAB „Baltic Champs" under the issued promissory note to the creditor UAB „Faktris LT1"
- The Company additionally stood surety for the obligations of UAB „ŽŪB AUGA Skėmiai" under the issued promissory note to the creditor UAB URBO bankas;
- Securing the obligations of the Group companies (90 companies) under the 2023-02-28 Simple (conditional) Guarantee No. AUGA_BAM 20230228 The Company issued a guarantee to the creditor UAB Baltic Agro Machinery;
- Securing the obligations of Agrotechnikos centras, UAB under the agricultural machinery lease agreement No. ŽŪ24-0308-01 dated 27-03-2024 The Company issued guarantee No. 240328 dated 28-03-2024 to the creditor UAB Klovima;
- Securing the obligations of the Group companies (64 companies) under the 2023-05-26 Surety Agreement the Company stood surety to the creditor ORLEN, AB Lietuva;
- Securing of the obligations of Grain LT, UAB obligations under the Sale and Purchase Agreement No SC 08/09/23-1 of 2023-09-08, the Company signed a surety agreement on 08-09-09 2023 and a non-protestable promissory note of 2024-04-08;

- The Company guaranteed the obligations of UAB "Grain LT" under the Surety Agreements of 2023-09-01 and 2024-07-18 to the creditor AB "Linas Agro";
- The Company guaranteed the obligations of UAB Agrotechnikos centras under the Surety Agreement No. HYB0000GI01-12 to the creditor UAB Gigatelis;
- The Company guaranteed the obligations of UAB Agrotechnikos centras under the Leasing Agreement No. LEA00003264-3279 to the creditor UAB Orion 1;
- The Company guaranteed the obligations of UAB AUGA Grūduva under the Leasing Agreement No. LT0100/01-35 to the creditor UAB Orion Leasing;
- The Company guaranteed the obligations of UAB Baltic Champs under the Credit Agreement No. 2013-11-28 13-083778-IN/13-083798-KL The Company guaranteed the creditor AB Swedbank;
- Securing the obligations of UAB "Grain LT" under the 2024-04-09 sales agreement No. 2024/04/09-01 and 2024-08-07 sales agreement No. 2024/08/07 The Company guaranteed and issued a promissory note to the creditor UAB "Žvalguva";
- Securing the obligations of UAB "Grain LT" under the 2024-02-01 Purchase and sale agreement No. KTR/24/7 The Company guaranteed the creditor UAB "AGROCHEMA";
- Securing the obligations of UAB AUGA Raseiniai under the land lease contracts. The Company guaranteed the obligations of UAB "Terra culta", UAB "LILA Holdingas", UAB "Agrora", UAB "AGRA optoma", UAB "AGRA CORPORATION", UAB "AGRA AURATA";
- UAB Agronuoma secured its obligations under land lease agreements on 29-03-2017 to creditors UAB VL Investment 1 - UAB VL Investment 10;
- Securing the obligations of VšĮ Baltijos maisto organizacija under Grant Agreement No. 779489 of 28 February 2018 to the insurer AAS "BTA Baltic Insurance Company" branch in Lithuania.

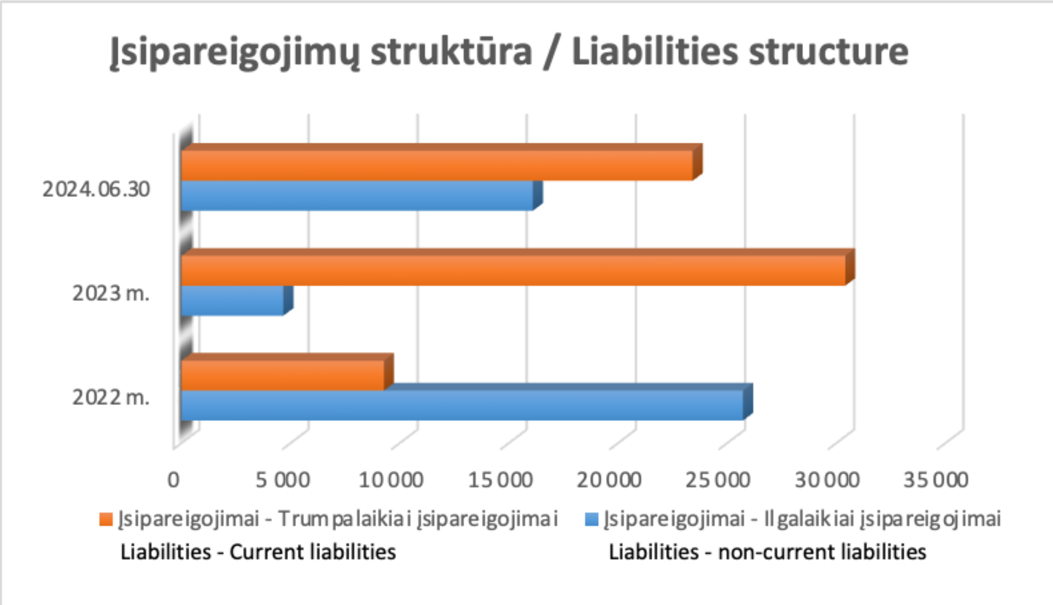
1.7. LIABILITIES OF THE COMPANIES

The change in the Company's liabilities during the period under review 2022 - 2023 is presented in Graph No. 3. Detailed information on the Company's liabilities is provided in another part of the draft restructuring plan.

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

COMPANY'S LIABILITIES STRUCTURE

Graph No.3



CHANGES IN THE COMPANY'S ASSETS, EQUITY AND LIABILITIES

Table No. 8

No.	Articles	2022	2023	2024-06-30
1.	Fixed assets	117 650	114 062	113 840
2.	Current assets	3 044	3 077	6 352
	Total assets:	**120 694**	**117 139**	**120 192**
3.	Authorised capital	66 617	67 203	67 203
4.	Reserves	4 870	4 934	5 334
5.	Retained earnings (loss)	7 507	3 218	1 434
6.	Non-current liabilities	25 721	4 669	16 099
7.	Current liabilities	9 272	30 408	23 415
	Total liabilities:	**34 993**	**35 077**	**39 514**
	Equity:	**85 701**	**82 062**	**80 678**

1.8. RELATIVE FINANCIAL INDICATORS

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

ASSET MANAGEMENT EFFICIENCY INDICATORS

Table No. 9

No.	Indicators	2022	2023	2024-06-30
1	Turnover of receivables	1,97	2,37	0,28

2	Working (net) capital turnover	-0,95	-0,27	-0,10
3	Turnover of total assets, times	0,05	0,06	0,01
4	Turnover of current assets	1,95	2,35	0,27
5	Inventories to current assets ratio	0,01	0,00	0,00

SOLVENCY (LIQUIDITY) INDICATORS

Table No.10

No.	Indicator	2022	2023	2024-06-30
1.	Current liquidity ratio	0,33	0,10	0,27
2.	Total current ratio	2,45	2,34	2,04
3.	Quick ratio	0,33	0,10	0,27

CAPITAL STRUCTURE INDICATORS

Table No. 11

No.	Indicator	2022	2023	2024-06-30
1	Debt ratio	0,29	0,30	0,33
2	Financial independence ratio (equity ratio)	0,71	0,70	0,67
3	Debt-equity ratio	0,41	0,43	0,49
4	Long-term debt ratio	0,23	0,05	0,17

PROFITABILITY (FINANCIAL RESULT) INDICATORS

Table No. 12

No.	Indicator	2022	2023	2024-06-30
1	Net profit margin	-40,72	-59,27	-97,02
2	Gross profit margin	99,87	99,99	99,89
3	Operating profit margin	213,29	245,82	288,31
4	Return on assets	-2,00%	-3,67%	-1,41%
5	Return on shareholders' equity	-2,82%	-19,92%	-8,39%

The receivables turnover in days shows how long it takes for the Company to collect receivables from customers. Asset turnover ratios show how long it takes for assets to be renewed during the year. Liquidity ratios show the ratio of the Company's current assets to current liabilities.

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

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

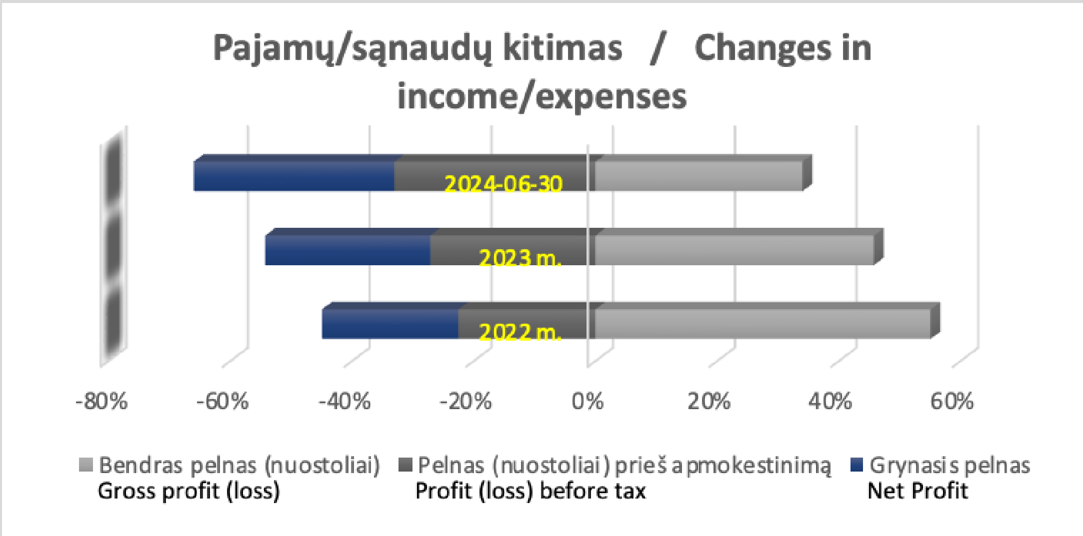
The change in income and expenses is presented in the table below. The Company's income statement includes all current operating expenses.

CHANGES IN THE COMPANY'S INCOME AND EXPENSES

Table No. 13

No.	Articles	2022	2023	2024-06-30
1	**Sales revenue**	5.935	7.246	1.745
2	Cost of sales	(8)	(1)	(2)
3	**Gross profit (loss)**	**5.927**	**7.245**	**1.743**
4	Operating expenses	(6.297)	(5.545)	(2.044)
5	Other activities	-	(3.839)	-
6	Other interest and related expenses	(2.047)	(2.156)	(1.392)
7	Profit (loss) before tax	**(2.417)**	**(4.295)**	**(1.693)**
8	Corporate income tax	-	-	-
9	**Net profit**	**(2.417)**	**(4.295)**	**(1.693)**

Graph No.4



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

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

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

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

The Company will also seek to attract additional capital, including a strategic investor or a sale of a number of companies that manage assets.

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

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

Table No. 14

Income from raw materials, mln. EUR	2017	2018	2019	2020	2021	2022	2023
Crop growing segment	14,20	17,48	29,49	37,38	23,56	27,58	30,08
Animal husbandry segment	9,01	8,96	10,14	10,81	13,61	16,50	14,74
Sum	**23,21**	**26,44**	**39,63**	**48,19**	**37,17**	**44,08**	**44,82**
% of total income	**47,63%**	**48.29%**	**41.66%**	**57.96%**	**51.80%**	**55.00%**	**55,00%**

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

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

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

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

Proven business solutions to be maintained during the restructuring

To implement the objectives of the efficiency agenda, the Company made a strategic decision in 2022 to optimize internal processes and create a simpler structure of the Group. Within the framework of this decision, the Company implemented the separation of crop, animal husbandry, and land management activities, which allowed for a clearer assessment of the costs incurred, and for the management and efficiency of the segment activities.

From mid-2023, ½ of the organic crop production activities were transferred to conventional regenerative agriculture. Although this model generated higher additional costs (EUR 4 million) and lost ecological payments during the transition period, in the new season it will allow for diversification of risks and reduce the volatility of income, which was inevitable when working exclusively in organic farming.

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

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

Changes in business segments focused on productive activities:

Since the beginning of 2024, the structure of AUGA group, AB has been reviewed, and the management staff of the Company has been reduced by 22% (to 45 employees) when compared to 2023 October: positions in the marketing, sales, finance, and accounting teams have been reviewed. Accordingly, during the restructuring stage, it is planned to review other potentially redundant functions and temporarily strengthen the capabilities of the organization of operations (internal and external) until the business plans are individualized by business lines, internal processes are combined and consolidated, in order to further optimize management costs and improve operational fluidity and the level of automation across companies. During the 4-year process, the aim is to shorten the decision-making chain by giving more decision-making rights to direct managers of farms, who would be enabled to track actual activities and their compliance with goals in real time and to promptly make decisions here and now.

Key steps for increasing profitability:

Continuation of cost reduction programs which aim to lower consolidated operating costs for the group’s companies to EUR 6.5 million by 2027 (compared to EUR 13.9 million in 2023).

1) The Company plans to sell some of the agricultural entities it owns and/or certain production activities that are distant from the main centres of operations. The Company will seek to sell its assets and utilize those which are necessary for its operations under long-term lease agreements.
2) Optimization of the core activities that remain central to the businesses the Company manages, including crop growing, dairy, mushroom growing, and FMCG. Each company's operational plan will be reviewed, and a simpler, more cost-efficient management structure will be implemented. Up to 60 companies will be merged or closed to reduce management costs. These optimization and efficiency enhancement plans are targeted for completion by 2026.
3) Faster implementation of long-developed new businesses, such as biomethane production, which will generate additional cash flow for the group’s finances, specifically, €2.4 million in gross profit annually. Additionally, introduction into production of the more sustainable feed

solutions developed by the group, which will bring positive economic benefits for the animal husbandry segment.

The restructuring agenda will be implemented through the following measures:

1) Individualized business plan at the farm level according to the objective conditions of the farms (nature of activity, regions, climate characteristics, type: organic/conventional);
2) Strict management of human resources costs in production operations, improving the cost of production;
3) Measures to manage working capital needs;
4) Application of circularity resources, long-standing agronomic/sustainability practices in daily operations, increasing farm productivity, quality of raw materials.

The main improvements in operational changes (on the ground level) are discussed below:

Organic crop production: to improve the performance of its companies, the Group carries out a detailed assessment of the activities of each segment. The Group recognizes that it can already support organic crop production by utilizing digestate, a natural fertilizer produced as a by-product of biomethane production. This liquid fertilizer enhances nutrient absorption, promoting even more effective crop growth. The implementation of this practice will reduce the need for nitrogen fertilization and enable the annual cultivation of high-quality organic wheat, regardless of weather conditions. Additionally, fertilization technologies will achieve efficiency levels closer to those of conventional methods. Using digestate, income from organic wheat cultivation will increase significantly - up to 30% higher yields are expected, additionally, higher value and nutritional quality of production will be achieved. Considering the current demanding situation of organic farms, the new 2023-2027 program adjusted levels of support, reduced the restriction on organic payments (from 30% to 15%), increased payments, and allowed participation in programs for which organic farms could not previously apply. These new possibilities will increase the cost of organic system payments per hectare annually on average from EUR 166 to EUR 233.

Conventional crop production: from 2025 all crops will be grown in the fields using chemical weed control, thus the Company will no longer face challenges caused by the transitioning period (such as lower yields, weeds, and higher tillage volumes to control them), experienced during the 2023-2024 season.

Raw products trading: during the restructuring process, with the goal of achieving higher prices and maintaining sufficient working capital, products will be sold not during the harvest season, when prices are at their lowest, but at the most favourable times to maximize business outcomes. The MATIF futures market, which allows price fixing until 2027, indicates that wheat prices—the Group's main crop—are expected to be approximately 15% higher over the next three years compared to the prices achieved by the Group in 2024. Grain prices during the 2024 harvest season fell to levels last seen in 2013–2014.

Table No. 15

Paris Milling Wheat, MATIF (EUR/ t)				
Month	Last	High	Low	Change
DEC24	219.75s	220.00	215.25	+1.75
MAR25	230.25s	230.50	225.25	+3.00
MAY25	234.25s	234.50	229.75	+2.75
SEP25	224.50s	224.75	220.75	+2.00
DEC25	229.50s	229.75	225.75	+2.00

MAR26	233.00s	233.00	232.00	+1.75
MAY26	234.75s	234.00	233.50	+1.50
SEP26	232.25s	232.25	232.25	-6.00

Table No. 16

Paris Rapeseed, MATIF (EUR/t)				
Month	**Last**	**High**	**Low**	**Change**
VAS25	531.50s	539.00	528.25	-9.25
GEG25	524.75s	531.00	522.75	-8.25
RGP25	483.25s	487.25	480.50	-4.50
LAP25	480.25s	483.75	477.00	-3.25
VAS26	478.75s	482.25	477.75	-3.50
GEG26	470.00s	473.25	470.00	-17.25
RGS26	478.50s	478.50	478.50	-8.25
LAP26	483.00s	483.00	483.00	-9.25

Lower production costs and higher income due to more favourable production sales will allow more funds to be allocated to reduce the debts.

Organic animal husbandry: The Company will optimize feed production through its subsidiaries by incorporating corn, ensuring stable feed supply regardless of weather conditions. Previously, adverse weather often led to either a surplus of grass feed (resulting in write-offs) or shortages (causing reduced milk yield or increased costs for unplanned feed production). The Group had discontinued corn silage due to sustainability concerns, as nitrogen fertilizers used in its cultivation were the second-largest source of emissions within the Group. Corn silage was replaced with leguminous grasses, which, after years of practice, proved to be a more expensive feed due to challenges with cultivation and inconsistent yields. Additionally, manure from livestock will be used for biogas production, enhancing sustainability metrics, and allowing milk sales to buyers with higher quality standards. Feed optimization will also reduce the costs of raising herd replacements and improve livestock productivity. Waste from livestock operations (manure) will continue to be utilized for biomethane production. Production optimization programs will be further implemented, which have already significantly increased organic milk yields, rising from 22.00 kg to 23.45 kg per dairy cow per day between 2022 and 2024.

Conventional animal husbandry: the partial transition of animal husbandry to conventional methods implemented in the second quarter of 2024 shows positive results – while production cost is decreasing, milk yield is increasing. From 2024 autumn, Group companies engaged in this activity feed animals with cheaper and conventionally produced feed, because of which milk production costs will decrease to 8 ct/l, compared to the organic production method. Production costs will gradually decrease due to herd renewal gains - heifers raised on conventional feed, which have become cows, will generate a smaller loss due to herd renewals. Health, animal welfare and other efficiency-enhancing practices will continue to be implemented, which in recent years have increased milk yield from 21.01 kg to 23.19 kg per farm cow per day. The recovering global dairy market allows us to expect better milk prices in the future, compared to past periods.

AUGA Trade: this company is responsible for the production contracts and supply to the market of final products, such as dairy, cereals, and instant porridges. Although product sales have been growing consistently since 2023 (in the first six months of 2024, sales grew by 190%, compared to the same period in 2023), investments in education on the consumption of sustainable ecological products, aimed at attracting new consumers, have not paid off. Therefore, the Company plans to continue supplying products under the AUGA brand but will significantly limit investments in the development of new products and attracting consumers. To optimize operations, marketing, product communication and management costs will be reduced to a minimum. This will allow increasing the gross profit of the end-user product segment, reducing operating costs and generating positive cash flows, which will contribute to reducing the Group's credit liabilities.

Biomethane production: biomethane production facilities are planned to be launched at full capacity, generating at least EUR 2.4 million gross profit per year. In the long term, the biomethane business will be positively affected by the European Union's Renewable Energy Directive (RED III), which by 2030 will require a 14% reduction in final energy consumption in the entire transport sector, instead of the previously planned 7% requirement.

Biomethane stands out as one of the few alternative fuel sources with negative emissions due to the emission savings assessed during its production, avoiding the release of methane gas from agricultural waste, especially manure. This fuel source has a long-term competitive advantage in the growing market for green energy quotas and certificates of origin. In addition, biomethane production will ensure stable income for the Group's companies, independent of weather conditions, and will help diversify sources of activity.

Mushroom cultivation: in this activity, efficiency initiatives and efforts are made every year to reduce costs and maintain competitive prices that would allow the Company to sell all of its production. Company plans to further implement the path of circularity by investing in biomethane's production, which would be made from intermediate products used in the production process. Company has won the project for these investments and will receive subsidies for the acquisition of technologies. The additional cash flow will make it possible to reduce liabilities to the Group's creditors.

Sustainability practices will continue to be consistently applied in the Group's companies and in daily farm activities. To ensure the operations of different segments, as before, a circular economy model will be developed, which primarily creates positive economic value (e.g. biomethane production from livestock waste, or the use of digestate in crop production), but at the same time is the foundation of sustainable activities. Innovative technologies developed by AUGA Tech (3 hybrid AUGA M1, 1 electric AUGA E1 tractors and specialized feed), which have successfully proven their effectiveness in real production conditions and the ability to reduce emissions in agriculture, will be used in the Group's activities. This will ensure the gradual generation of economic returns in the near future, using already developed technologies in production processes. It is important to note that due to the current economic situation of the Group, the market situation, and the lack of demand for sustainable technologies in the sector, the Group is indefinitely postponing the development plans for the aforementioned technologies.

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

2. MARKET OVERVIEW

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

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

The situation of dairy farms in Lithuania and in the world. The crisis of dairy farms has been observed in Lithuania for more than a year. As milk purchase prices fall and the country's policy changes, the number of dairy farms in Lithuania is decreasing. Trends in Europe are the same - only about 4% of all EU cattle are currently organic. This poses challenges in achieving the ambitious EU policy goals - to increase the share of organic farmers to 25%, based on which Member States will have to put much more effort to bring or return farmers back to organic farming.

Trends in organic consumption in Germany, the main EU organic market. According to data from AMI, a leading company consolidating German agricultural information, in 2023 inflation and high living costs reduced consumers purchasing power - organic products became secondary. Another trend is that the prices of conventional products rose faster (due to consumers turning to cheaper food alternatives) than organic ones, so their difference decreased significantly.

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

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

The recovery of the Lithuanian economy is supported by the resumption of household consumption growth and a prominent level of investment. In the first quarter of 2024, household consumption expenditure exceeded the highest level reached before the spike of inflation. As inflation subsided, growing real household income was the main factor behind higher consumption. According to data from a consumer opinion survey, households currently rate the appropriateness of making major purchases and their current financial situation as the best since early 2022. Moreover, their expectations for an improvement in their financial situation over the next year are among the most optimistic since the data began being published in mid-2001. Favourable trends for the economy are also observed in terms of investment developments. The investment-to-GDP ratio in 2023 was the highest since the global fiscal crisis. This is a favourable trend, given that the level of capacity utilization in the economy remains significantly lower than the long-term average. Such behaviour of companies shows that, having experienced adversity in recent years, the country's companies positively assessed their prospects and made decisions that increased the volume and efficiency of capital in the country. It is important to note that a significant part of this investment growth is related to the intensified flows of EU support, in particular the funds of the Economic Recovery and Resilience Facility. During its implementation period, the Lithuanian economy should receive about EUR 4 billion, and the largest flows are planned for this and next years.

Tensions in the labour market are gradually easing. At the beginning of this year, the Lithuanian labour force indicator reached a level recorded twenty years ago. The continued rapid growth in the number of economically active people was determined by the rising labour force activeness rate and the continuing increase in the population. The latter is still affected by favourable migration trends. Although the growing labour force has so far integrated into the Lithuanian labour market quite effectively, the latest Sodra administrative data show that since April the number of insured people has begun to gradually decrease. More cautious hiring expectations of companies are also indicated by the employment expectations indicator, which is again close to the long-term average. With the rapid growth of the labour force and the slowdown in its employment, the unemployment rate in Lithuania increased. In the first quarter of 2024 it rose to 8.2% and was 0.5% points higher than a year ago. However, the increase in the unemployment rate observed in recent quarters should not be prolonged, as the economy recovers, the demand for labour should not decrease. This is also expected from the employment of up to 1 month. The number of unemployed people without a job decreased significantly at the beginning of this year. This development of the most important labour market indicators shows a gradual easing of tension in the labour market, which also affects the slowing growth of wages. In the first quarter of this year, it increased by 10.3% - the slowest pace in the past two years. However, historically, such wage growth remains rapid and in an environment of sluggish labour **efficiency** growth, it remains one of the biggest risks to the country's competitiveness.

A more favourable than expected start of the year allows to expect faster economic development. It is forecast that in 2024 Lithuania's GDP will increase by 1.9%, and in 2025–2026 growth will accelerate to 3.1% and 3.3%, respectively. Household consumption spending will increase economic activity the most. This growth will be supported by the continued rapid growth of household incomes and will also be positively influenced by slower price developments, improving household sentiment, and a labour market situation favourable to employees. Although slower average wage growth is expected due to more balanced labour demand and supply developments, its rate will still be considerable. Also, the unemployment rate, which has been increasing for several quarters, should start to decline again. This development will be influenced by the increasing export of goods and services and will be affected favourably by the unabated competitiveness and recovering external demand. It should be noted that in 2024–2026 external demand will grow slower than the long-term average, therefore export development should also be slower than it was before the COVID-19 pandemic. Investments will play a key role in driving GDP growth. This year, their volume is expected to increase significantly, fuelled by rising inflows from EU support funds. In the medium term, these investments will benefit even more from the momentum of a growing economy, amplifying their positive impact. From this economic outlook, the risks influencing Lithuania's economic growth in 2024 appear balanced, with equal chances of faster or slower development. However, for 2025–2026, downside risks are more pronounced, potentially slowing economic growth compared to current expectations. Factors contributing to this include weaker-than-anticipated performance of major trading partners, lower inflows from EU support funds, or heightened geopolitical tensions globally.

With external factors driving price increases fading, the price level has remained largely stable for the past year. Due to the decreased prices in energy and other commodities, and the fading effect of post-pandemic opening-up, headline annual inflation has continued to decline – in April it amounted to 0.4%, and in May, according to preliminary data from the State Data Agency, it increased to 0.8% due to the base effect. Two components stand out in the inflation structure – energy, which continues to have a decreasing effect on inflation due to cheaper energy resources, and services, which, significantly affected by internal factors, are the main factor increasing inflation. Although the tension in the labour market is gradually subsiding, and wage growth has slowed down, as mentioned above, it remains high in a historical perspective. Unfavourable labour efficiency trends only further strengthen the impact of increasing labour costs. Given this, it is expected that service prices will continue to rise at a similar annual rate (in April they increased by 6%) and will be the main factor determining inflation. With the situation on the raw materials market not changing significantly and tension in the labour market gradually decreasing, it is predicted that the monthly price development will be close to typical changes.

Considering these factors and the slightly lower than previously forecasted actual data at the beginning of the year, it is forecast that the headline inflation in 2024 will amount to 1.2%. As the inflation-reducing impact of commodity prices fades, inflation will increase to 2.4% in 2025-2026, with prices rising at a pace typical for Lithuania as a converging economy. The core inflation, supported by domestic factors, will still be higher than before the pandemic at 3.5% this year, and will decline to 2.6% and 2.3% in 2025-2026, respectively.

The projected development of the Lithuanian economy:

Table No. 17

	2024 June Forecast			2024 March Forecast		
	2024	2025	2026	2024	2025	2026
Price and cost changes						
Average annual inflation according to HICP	1,2	2,4	2,4	1,6	2,4	2,4
Gross domestic product deflator	3,0	2,9	3,0	2,4	3,1	3,0
Salaries	10,2	8,5	8,1	10,3	8,5	8,1
Import deflator	0,4	2,6	2,5	0,8	2,9	2,7
Export deflator	1,7	2,8	2,6	1,4	3,0	2,8
Economic activity (at comparable prices; %, annual change)						
Gross domestic product	1,9	3,1	3,3	1,6	3,1	3,3
Private consumption expenditure	3,4	3,7	3,7	3,0	3,7	3,7
Government consumption expenditure	0,1	0,0	0,0	0,1	-0,5	0,0
Gross fixed capital formation	4,5	4,1	5,2	4,5	3,4	6,0

Export of goods and services	1,2	3,7	3,7	0,2	3,3	3,5
Import of goods and services	1,5	4,6	4,5	1,3	3,9	4,7
Labor market						
Unemployment rate (annual average; % of labour force)	7,3	7,1	6,9	7,0	6,8	6,6
Number of employed persons (%, annual change)	0,5	-0,2	-0,3	-0,2	-0,3	-0,3
External sector (%, comparing with GDP)						
Balance of goods and services	4,5	3,9	3,5	3,6	3,2	2,5
Current account balance	1,8	1,2	0,5	0,5	0,2	0,1
Current and capital account balance	4,1	4,0	2,7	2,8	3,0	2,2

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

Despite several risks and geopolitical tensions, global economic growth remains robust. Global GDP growth has exceeded 3% in the past two years. However, this growth has been atypical, driven by the recovery of service sectors from pandemic restrictions. For example, air travel volumes finally reached 2019 levels in 2024. In contrast, manufacturing and global trade have been in a slight decline since early 2022, but leading indicators suggest that this decline is ending. The ongoing destocking cycle in manufacturing signals a potential improvement in manufacturing, transport, and global trade. In addition, declining inflation and gradual interest rate cuts provide a positive basis for a recovery in consumption in 2024. According to the IMF's April 2024 World Economic Outlook, global GDP grew by 3.2% in 2023 and is expected to grow by 3.1% in 2024. this growth rate will continue. However, this growth remains fragile, with risks including heightened geopolitical tensions, ongoing conflicts in Ukraine and the Middle East, high interest rates and debt levels, and a slowdown in China's property market.

The economic outlook for the euro area is improving. While growth in the euro area has been weak, there are increasing signs of stabilisation and the outlook for growth is improving after a downturn in 2023. Inflation in the euro area has declined and the ECB began a rate cut cycle in June 2024. High interest rates have constrained new lending, but there are now signs that demand for loans is starting to pick up, and in Germany the proportion of companies reporting a shortage of orders is no longer increasing. Moreover, strong labour markets continue to support real income growth, leading to a significant improvement in consumer sentiment, although saving intentions remain high in Germany as households continue to grapple with the impact of high inflation and prioritize improving their financial situation. At the same time, euro area consumers willingness to spend on basic goods is now higher than at the start of the ECB's rate hike cycle. Business surveys also suggest that industrial destocking is continuing, which should support new business orders. Euro area GDP growth is expected to accelerate from 0.4% in 2023 to 0.7% in 2024, according to Bloomberg consensus forecasts. However, natural gas prices in the euro area have increased by more than 30% in recent months. If this trend continues, it could derail the recovery in production and put fresh pressure on prices, which could delay interest rate cuts.

US economic growth has beaten expectations, but signs of weakness have emerged. According to Bloomberg's consensus forecast, US economic growth remains robust, with GDP growth now expected to reach 2.4% in 2024. In fact, the 2024 growth outlook is now higher than it was in early 2022, before Russia's invasion of Ukraine, 9% inflation and a 5.25% interest rate hike. Business sentiment in the US remains positive, unemployment is low, and wages continue to rise. However, some economic indicators have deteriorated in recent months. For example, small business hiring intentions have declined, loan delinquencies have increased, consumer credit delinquencies have exceeded 2019 levels and new business orders in the manufacturing sector fell sharply in May. These factors point to a possible slowdown in the US economy in the second half of 2024.

Global inflation rates have declined and are now close to the targets of central banks. The main factor behind the rapid decline in inflation has been falling energy and commodity prices. However, other prices have not generally declined, domestic services inflation in advanced economies remains high, and some measures of inflation expectations are still well above their previous levels. For example, in the euro area, despite a slight economic recession in 2023, consumer prices excluding energy and unprocessed food have increased by 2% since the end of 2023. This increase is only slightly lower than the price increases in 2022 and early 2023 and significantly higher than in any year in the past decade. Meanwhile, US inflation has been hovering around 3% since mid-2023, although monthly inflation in May 2024 was encouragingly low. This suggests that underlying inflation pressures remain elevated. Strong labour markets have been a key driver of domestic inflation, but wage growth in both the United States and the euro area has finally slowed to around 3% per year in recent quarters.

Energy and other commodity prices are no longer falling. Global commodity prices have fallen by almost 30% since mid-2022, but the decline that helped to reduce headline inflation has stopped. Global commodity prices have increased by almost 10% since February 2024, with copper, gold, aluminium, and some food prices up more than 10% since the start of the year. In addition, natural gas prices in the euro area have risen in recent months and are now above EUR 35 per MWh. This increase in natural gas prices was driven by improving prospects for the manufacturing sector and the war in the Gaza Strip, which disrupted shipping in the Red Sea and significantly reduced LNG exports from the Middle East to Europe. Geopolitical risks have also increased global shipping costs. Rising commodity, transport and energy prices mean that it may be difficult to bring inflation back to 2%. The expected recovery in production and ongoing geopolitical tensions continue to support oil prices. However, OPEC countries currently have unusually large excess production capacity, allowing them to increase oil production if demand recovers, which should help to cushion any potential rise in oil prices.

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

Positive economic developments are being supported by government borrowing and spending. Despite high inflation, fiscal policies in many advanced economies remain very accommodative, with governments continuing to borrow and run large fiscal deficits, leading to rising government debt. In the United States, despite strong economic growth, the budget deficit is projected to exceed 6% of GDP in 2024 and 2025, a level previously seen only in deep recessions or wars. This is already driving up interest rate spending. In the euro area, fiscal deficits are lower and longer government debt maturities have limited the negative impact of rising interest rates on government finances. Stimulant fiscal policy is also partially offsetting the impact of high interest rates. Current government priorities – higher military spending due to the war in Ukraine, combating climate change and transitioning to a green economy, greater protectionism, and relocation of production – are driving higher spending. Fiscal discipline is not currently a political priority, but the negative reaction of financial markets to the recent surprise election in France highlights the risks posed by high fiscal deficits and high debt levels and the potential for sudden changes in market sentiment.

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

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

Despite weak economic growth, the labour market situation in the Baltic region remains positive. The unemployment rate remains close to historical lows, although it increased in the second half of 2023 and the first quarter of 2024 due to the economic slowdown. Although the number of employed people in the Baltic States has decreased slightly, supply-side factors seem to be the main reason for the increase in unemployment. Positive net migration, including refugees from Ukraine, has increased the labour force, and more people, especially women, are currently looking for work than a year ago. High inflation is likely the main reason for the increase in the number of women in the labour market, as more families need a second salary to cover expenses. In addition, the number of women on parental leave has decreased due to the falling birth rate, and during the COVID-19 pandemic, many women withdrew from the labour force due to the additional burden of distance learning or caring for family members. These women are now returning to the labour market. Demographics continue to play a decisive role, as the working-age population in the Baltic States is shrinking. Low unemployment continues to put pressure on wages, with average wages in Latvia increasing by 11% in Q1 2024, in Lithuania by 10.3% and in Estonia by 8.8%. Strong wage growth without productivity gains could lead to a loss of competitiveness, but wage growth in Latvia and Estonia has lagged behind inflation since 2021 and is catching up only now.

Manufacturing has been one of the worst-performing sectors over the past two years. However, key indicators suggest that the Baltic industrial downturn is ending, and growth prospects are starting to improve. In April 2024, compared to the previous year, production volumes in Estonia fell by 5.7%, in Latvia by 4.3%, while the Lithuanian manufacturing sector grew by 2.9%. The main reason for optimism in the manufacturing sector is the improving situation in the European manufacturing sector. Since December, the economic sentiment in industry has stabilised, while finished goods inventories have started to decline. Industrial inventories have been growing rapidly since the pandemic, when restrictions on the service sector were lifted, while a large backlog of unsold goods has been a major drag on the manufacturing sector in recent years, as consumer demand has been dampened by high inflation and rising interest rates. However, the situation is now changing, as evidenced by the increase in road freight volumes in Germany since the beginning of the year, which have historically been intricately linked to industrial activity in the European Union. Despite these positive trends, rapid growth in the manufacturing sector is unlikely in the near future. Most indicators currently point to only a modest cyclical recovery driven by a destocking phase, although this recovery could benefit Baltic producers more than other producers, as Western European producers tend to shift production to cheaper countries when demand is low.

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

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

However, significant risks remain. While key economic indicators point to an improving Europe, the US economy is showing some signs of weakness and China continues to struggle with a slowdown in its real estate sector. However, the main risks at present relate to the global and regional geopolitical situation. Russia's war against Ukraine continues, conflicts in the Middle East have disrupted global trade, and tensions between the US and China continue to rise. So far, the impact of these geopolitical factors on the Baltic countries has been relatively limited. However, the impact of the war is one of the factors that led credit rating agency S&P to downgrade the credit rating of the entire Baltic region. In addition, inflation in developed countries is not decreasing as rapidly as expected, suggesting that interest rates may remain higher for a longer period. And despite positive economic growth, many countries continue to have large budget deficits and high debt levels. In the current environment of high interest rates, if budget deficits are not substantially reduced in the coming years, fiscal policies in some countries may become unsustainable. (More: https://www.citadele.lt/lt/support/economic-overview/).

Situation in the Lithuanian agricultural sector

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

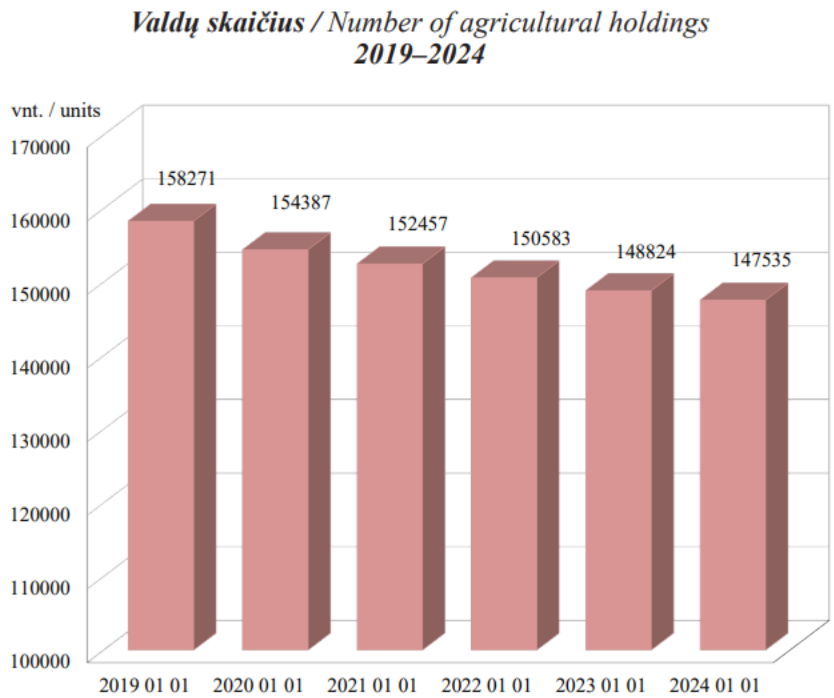
In Lithuania, at the beginning of September 2024, the purchase prices of most grains and rapeseed were higher than a month ago. Wheat was purchased by Lithuanian grain purchasing companies in the 36th week of this year (09 02–08) at an average price of 198.63 EUR/t and, compared to the price a month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

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

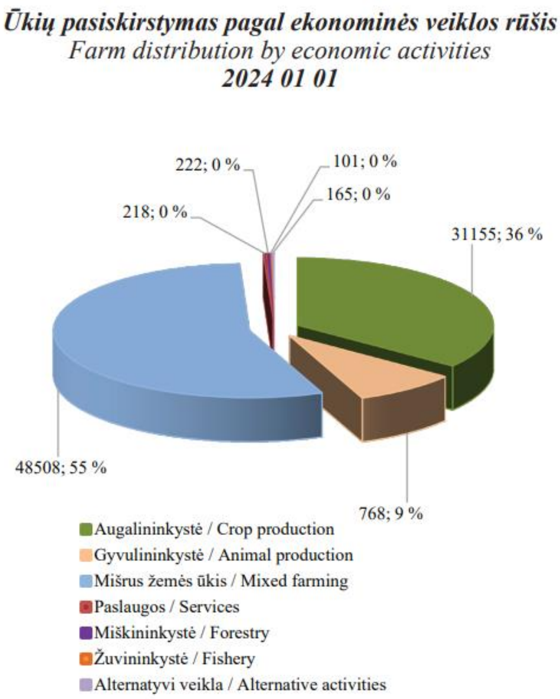
Purchase of organic grains increased in the first half of 2024. Purchase of organic grains from Lithuanian producers in the first half of this year, compared to the first half of 2023, decreased by 17.15 percent. In the first half of 2024, Lithuanian certified organic grain trading and processing companies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

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

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



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

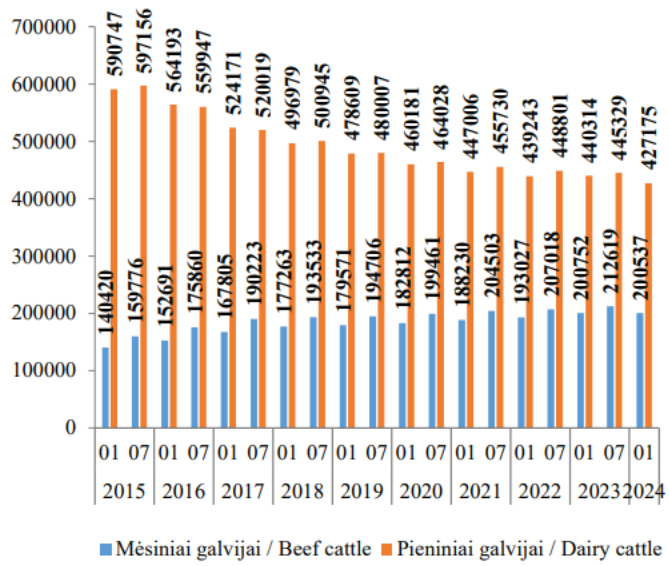


As of 1 January 2024, 55% of farms were engaged in mixed agriculture, 36% in crop production, 9% in animal husbandry, 0.2% in alternative agricultural activities, 0.25% in forestry, 0.25% in agricultural service activities, and 0.11% in fisheries. The majority of farmland was owned by farmers or registered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

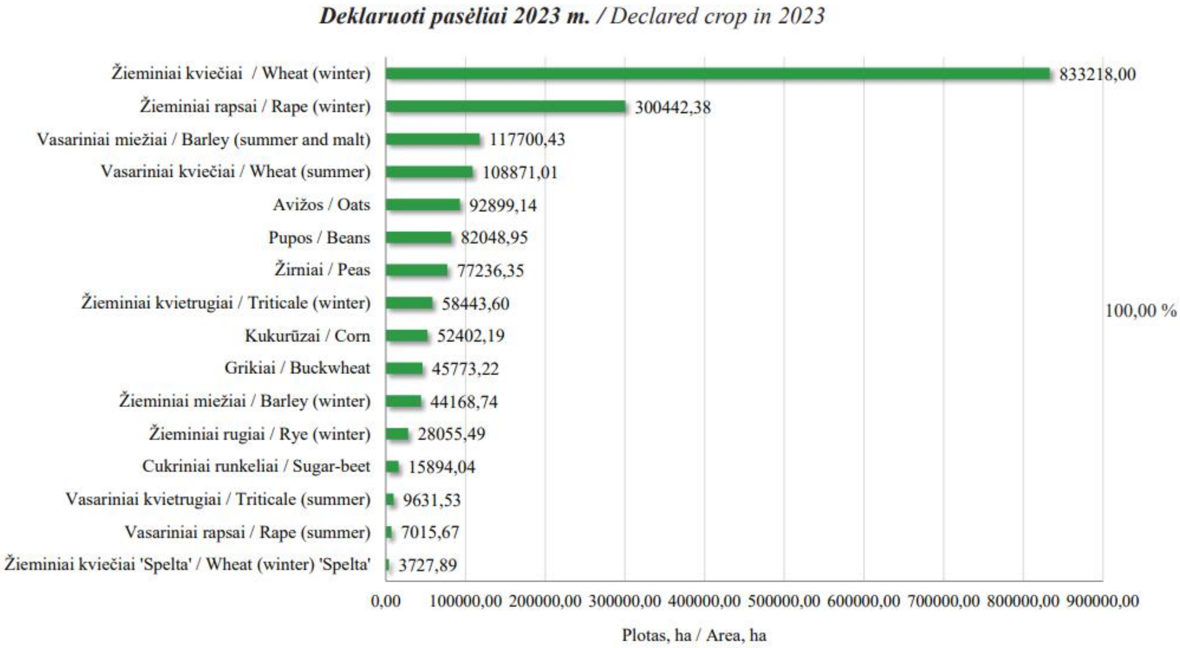
From 2005 to 1 January 2024, the number of cattle registered in the Livestock Register decreased from 968,854 to 627,712 (35.2%), and the number of dairy cows decreased from 455,828 to 212,885 (53.3%). During the second half of 2023, the number of cattle decreased by 30,236 and that of dairy cows by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

Milk accounting information systems, in 2023. registered milk purchasing companies (hereinafter referred to as buyers) from 12,943 milk producers purchased 1,340.34 thousand. t of average 4.41 percent fat content and 3.54 percent protein content milk (January-December 2022 – 1,339.53 thousand t of milk with an average fat content of 4.46% and a protein content of 3.53, and January-December 2021 – 1,333.14 thousand t of milk with an average fat content of 4.19%). In 2023, compared to 2022, milk purchase increased by 0.1 percent, or 0.8 thousand t, compared to 2021, it increased by 0.5 percent, or 7.2 thousand t. The number of milk producers selling milk to buyers in 2023, compared to 2022, decreased by 1.5 thousand, or 10.1 percent, compared to 2021, it decreased by 3.2 thousand, or 19.7 percent. The number of milk producers in 2023 decreased in all counties compared to 2022. In Lithuania, the number of producers selling milk to buyers is decreasing every year, but the average number of dairy cows per milk producer is increasing. In January 2023, the average price of natural milk (with additives and deductions) paid to milk producers by purchasing companies was the highest and amounted to 443.8 EUR/t. The price of natural milk, which had been decreasing since the beginning of the year until August, began to increase in September, until it reached the level of 436.6 EUR/t in December. According to PAIS data, in December 2023, the average price of natural milk paid to milk producers by purchasing companies, compared to December 2022, was 14.3 percent lower.

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



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



Source: Agricultural Data Centre

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

3.1. CREDITORS OF THE COMPANY

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

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

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

AUGA GROUP, AB CREDITORS UNDER OBLIGATIONS AS OF 2024 JUNE 30

Table No. 18

No.	Liabilities	Sum
1	Lease (finance lease) or similar liabilities	35 209,41
2	Financial debts owed to credit institutions and under a bond subscription agreement	30.085 874,70
3	Financial debts to the Group	6.938.774,30
4	Prepayments received from customers	3.147,20

5	Trade debts to suppliers	304.024,33
6	Trade debts to foreign suppliers	92.751,99
7	For the trade debt group	16.776,63

AB AUGA GROUP, AB FINANCIAL OBLIGATIONS AS OF 2024 SEPTEMBER 30

Table No. 19

No.	Creditor	Code	Address	Total	Note
1	UAB PayRay Bank	304862948	Lvivo st. 25-702, Vilnius	3.231 874	Under loan agreements secured by mortgages and pledges
2	Pagalbos verslui fondas	305640822	Lukiškių st. 2-2, Vilnius	854 000	Under loan agreements secured by mortgages
3	Pagalbos verslui fondas	305640822	Lukiškių st. 2-2, Vilnius	6 000 000	Under a bond subscription agreement secured by a mortgage and pledge
4	UAB AUDIFINA (creditor representatives)	125921757	A. Juozapavičiaus st. 6, LT-09310 Vilnius	20 000 000	Under a bond subscription agreement secured by a mortgage
5	AB „OP Finance“	302247917	Konstitucijos st. 29, Vilnius	35 209	Under leasing contracts
6	UAB Žemės vystymo fondas 20	300887726	Lankesos st. 2, Bukonių k., LT-55418 Jonavos r.	3.898.823	Loans from group companies
7	UAB Baltic Champs	302942064	Poviliškių k., Gruzdžių sen., Šiaulių r.	3.039.951	Loans from group companies

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

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

3.2. LEGAL DISPUTES IN WHICH PROPERTY CLAIMS ARE MADE

Judicial disputes in which decisions have not been made or have not entered into force as of October 18, 2024.

Table No. 20

No.	Start of the process, Case type	Court, case No.	Parties of the dispute	Essence of the case and commentary
1	Administrative fine	Vilnius Chamber of the Regional Administrative Court	**Applicant:** VšĮ Baltijos maisto organizacija **Defendant:** VšI Kaimo verslo ir rinkų plėtros agentūra **Third parties:**	The applicant seeks the annulment of the decision of the Lithuanian Administrative Disputes Commission 2023-03-06 Nr. 21RE-164 (AG-46/06-2023) and order the Lithuanian Administrative Disputes Commission to re-examine the Applicant's complaint; or, if the court decides that there are no legal grounds to re-examine the dispute in a pre-court procedure, to annul the Respondent's 2022-12-21 decision Nr.2A-(8.13)-012 as unjust and unlawful.

			Nacionalinė mokėjimo agentūra prie Žemės ūkio ministerijos AAS „BTA Baltic Insurance Company“ AUGA group, AB "Birštono mineraliniai vandenys" ir Ko	The interested person AUGA group, AB has provided a surety letter of 15 March 2018 to AAS „BTA Baltic Insurance Company“ branch in Lithuania for the fulfilment of the Applicant's obligations under the grant agreement No 779489-ORGANICLLEUH/20SUT-(6.24)-001 dated 28 February 2018. By its decision of 23 April 2024, the Vilnius Chamber of the Regional Administrative Court dismissed the Applicant's complaint. On 23-05-2024, the third person AUGA group, AB and the Applicant filed an appeal to the Supreme Administrative Court of Lithuania requesting the annulment of the decision. A hearing on the appeals has not yet been scheduled.
2	Civil fine	Vilnius Regional Court	**Applicant:** UAB ITVISION **Defendant:** AUGA group, AB	The applicant UAB ITVISION requests that the termination of the contract be declared unlawful and that the debt (EUR 145 109,25) be ordered. The defendant AUGA group, AB asks for restitution and to order AUGA group, AB to pay to UAB ITVISION the amount of EUR 180 774 which AUGA group, AB has paid in accordance with the contract, to order AUGA group, AB to pay to UAB ITVISION the amount of EUR 50 801,74 in damages, and to order UAB ITVISION to pay to AUGA group, AB the sum of EUR 873,92 as compensatory interest. A hearing has been scheduled for 9:00 on 11 December 2024.

3.3. LIST OF CREDITORS AFFECTED BY THE RESTRUCTURNG PLAN BY GROUPS

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

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

The Company has mortgage creditors (see Part 1.6 of the plan). The Company also has obligations to AB "OP Finance" for leased assets. The contracts have not been terminated and are valid, therefore payments for leased assets are classified as current payments.
The list of creditors affected and unaffected by the plan will be drawn up at the next stage, i.e. after the court approves the creditors' claims.

3.4. CREDITORS ASSISTANCE AND OTHER CONDITIONS

When implementing the restructuring plan, the Company's creditors will seek to conclude an agreement with AUGA group, AB regarding assistance in accordance with the procedure established by law, which includes postponing the deadline for the requirement to fulfil an obligation, waiving the requirement to fulfil an obligation or part thereof, replacing the obligation with another obligation, etc.

4. PROPERTY OF A LEGAL ENTITY

4.1. LIST OF REAL ESTATE

As of 30 June 2024, the Company did not have any real estate.

4.2. OTHER NON-CURRENT ASSETS

The Company's non-current assets as of 30 June, 2024, consisted of:

Table No. 21

No.	Property name	Acquisition date	Acquisition value	Residual value	Note
NON-CURRENT INTANGIBLE ASSETS					

1	Accounting software "Rivilė"	2007.06.30	8 998,42	0,29	
2	Microsoft Windows Selver STD 2016 2Core	2016.11.30	4 094,00	0,00	
3	Microsoft Windows Selver CAL 2016	2016.11.30	6 168,75	0,00	
4	Microsoft Windows Remote Desktop Srvcs	2016.11.30	3 667,80	0,00	
NON-CURRENT TANGIBLE ASSETS					
VEHICLES					
5	Fiat Panda ENE531	2009.06.30	7 374,36	0,29	
6	Car, Subaru Outback JCZ537	2016.02.05	24 778,10	1,00	
7	Car, Subaru Outback JCD805	2016.02.05	25 207,85	1,00	
8	Car, Hyundai Tucson MY16 JDF607	2016.02.25	24 942,56	1,00	
9	Car, AUDI A6 Avant JTR885	2017.06.09	35 079,78	1,00	Leased property
10	Car, Toyota Hilux EOF884	2018.04.16	13 950,00	5 348,24	Leased property
11	Car, Toyota Hilux FEP774	2018.05.11	13 150,00	5 150,66	Leased property
12	Car, AUDI A6 KJV699	2018.05.31	24 650,00	9 655,07	Leased property/ rent
13	Car, VW TIGUAN KMG042	2018.07.10	23 282,23	324,38	Leased property
14	Car, VW TIGUAN KML452	2018.08.28	22 629,34	629,74	Leased property
15	Car, VW GOLF KOD512	2018.09.17	15 017,77	626,44	Leased property
16	Car, VW Tiguan Trendline LOA229	2020.09.14	22 479,34	8 430,34	Leased property
17	Car, Volvo XC90 LSJ334	2021.02.23	52 975,21	23 545,21	Leased property
OTHER NON-CURRENT ASSETS					
18	Laptop, Lenovo ThinkPad X1	2017.05.04	2 578,00	2,00	
19	Computer, NB DELL LATITUDE 7390I17-8650U	2018.07.26	1 363,64	0,00	
20	Samsung 75" Class-LED-8	2019.06.30	1 733,21	1,00	
21	Server DELL R440	2020.07.29	4 170,00	1,00	
22	Server Dell R530 E5-2620V4 H730/64	2018.05.03	3 336,36	0,00	
23	Computer, DELL PRECISION 5540	2020.10.23	1 730,00	1,00	
24	Computer, DELL PRECISION5540 I7-985032	2020.11.17	1 930,00	1,00	
25	Computer, DELL PRECISION5550I7	2021.06.22	2 030,00	226,48	
26	Computer, DELL PRECISION3561I7	2021.11.09	1 404,96	195,96	
27	Computer, DELL PRECISION 3561 I7	2021.12.14	1 610,74	269,44	
28	Computer, DELL PRECISION 3561 I7	2022.01.07	1 570,25	306,14	
29	Set of stands with freezers	2017.12.08	9 642,00	0,00	
30	Laser level, two-axis slope	2018.03.29	4 740,00	2,00	
31	Laser projector LS810 WXGA 5200-L	2016.11.02	2 865,44	1,00	
32	Interactive screen 65" SMART Board	2016.12.20	7 048,60	1,00	
33	Technical set	2016.11.14	1 216,35	1,00	
34	Biogas mixture separation lab. device	2021.02.18	1 204 584,85	709 020,85	
35	Green biogas pre-cleaning lab. device	2021.02.18	192 103,26	113 072,96	
36	Digestate CO2 saturation lab. device	2021.02.18	255 383,37	150 319,67	
37	Computer, Dell XPS 9560 Silver	2018.01.30	3 950,00	2,00	
38	Biogas analyser, MCA 100 BIO Portab	2018.03.20	7 000,00	1,00	
39	Glass partition with door	2005.04.29	1 284,27	570,94	

40	Glass partition with door	2005.10.28	792,77	484,57	
41	Vertical blinds	2005.04.28	270,49	120,35	
42	Frameless glass partition with door	2010.03.22	471,27	471,27	
43	Set of furniture ULDĖ	2013.04.11	350,18	0,29	
44	Furniture	2013.06.11	308,16	0,29	
45	Chair Montana 4 pcs.	2014.04.23	478,71	1,16	
46	Chair Montana 2 pcs.	2014.04.25	210,63	0,58	
47	Mahogany cabinet	2014.06.20	509,73	1,16	
48	Mahogany cabinet (2 doors)	2014.06.20	1 301,55	4,06	
49	Mahogany cabinet (4 doors)	2014.06.20	322,35	0,87	
50	Mahogany shelf	2014.06.20	75,88	0,29	
51	Mahogany table with cabinet	2014.06.20	523,63	1,16	
52	Adjacent table	2014.06.20	26,07	0,29	
53	Table (tabletop)	2014.06.20	810,94	4,06	
54	Chair Montana 3 pcs.	2014.07.28	300,15	0,87	
55	Meeting –room table	2014.08.29	231,70	0,29	
56	Table with cabinets	2014.08.29	139,02	0,29	
57	Small table with drawers	2014.08.29	868,86	5,80	
58	Large table with drawers	2014.08.29	115,85	0,58	
59	Armchair "John N" MG	2014.08.29	138,84	0,58	
60	Wooden archive shelves	2014.09.30	273,41	0,29	
61	Mahogany cabinet	2014.10.06	254,87	0,58	
62	Mahogany cabinet (2 doors)	2014.10.06	695,09	1,74	
63	Mahogany cabinet (4 doors)	2014.10.06	792,32	2,03	
64	Table (tabletop)	2014.10.06	231,70	1,16	
65	Adjacent table	2014.10.06	26,07	0,29	
66	Table with mahogany cabinet	2014.10.06	261,82	0,58	
67	Mahogany shelf, low	2014.10.06	151,76	0,58	
68	Mahogany shelf, high	2014.10.06	335,96	1,16	
69	Mahogany shelf, high wide	2014.10.06	92,10	0,29	
70	Table mahogany	2014.10.06	301,20	1,16	
71	Mahogany dresser	2014.10.06	278,04	1,45	
72	Mobile phones iPhone XS Max 256GB	2018.10.16	1 127,89	1,00	
73	Sail	2021.06.30	58 000,00	14 500,84	
74	Wardrobe SP9	2016.09.19	1 023,50	1,00	
75	Wardrobe SP11	2016.09.19	1 438,40	1,00	
76	Wardrobe 3-door	2016.09.19	1 620,00	1,00	
77	Wardrobe 1-door	2016.09.19	1 345,00	1,00	
78	Furniture set in Quadrum	2016.10.06	50 856,79	1,00	
79	Volumetric logo AUGA GROUP	2017.07.27	1 841,00	1,00	
80	Advertising sign	2018.01.09	1 330,00	1 330,00	
81	Furniture set in Kaunas office	2017.12.21	27 427,79	0,00	

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

4.3. CURRENT ASSETS

The table below provides information about the Company's current assets (used in operations) as of 30 June, 2024.

Table No. **22**

Title	Unit	Remainder	Total remainder
Hydrochloric acid 0,1 N	Amp	10	41
Horizontal flag 100*170 cm	Unit	55	813,96
Seaweed for cow feed testing	Kg	30	129
Computer, Dell	Unit	1	904,96
Computer, Dell	Unit	1	904,96
Computer, Dell	Unit	1	578,51
Computer, Dell	Unit	1	904,96
Computer, Intel i3-7100	Unit	1	381,83
Computer, NB Dell Vostro 3568	Unit	1	578,51
Mobile phone	Unit	82	429,83
Mobile phone	Unit	3	13,74
Sodium tungstate 2H2O 99+% an. gr. 100g	Unit	1	50
Protease from Streptomyces griseus BioReagent, 100mg	Unit	2	87,5
Trichloroacetic acid 99% ACS reagent 100g	Unit	1	29,9
Flag EU printed 100*170 cm	Unit	50	530
Flag printed 100*170 cm	Unit	60	548,81
pH electrode	Unit	1	147
VW Tiguan LTL194	Unit	1	12 271,74
VW Tiguan LTL198	Unit	1	12 271,74
Fuel (petrol/diesel/gas)		842,72	3 834,98

4.4. TRADE AND OTHER RECEIVABLES

THE COMPANY'S RECEIVABLES, AS OF 30 JUNE 2024

Table No. 23

No.	Accounts Receivable	Sum
1.	Receivables from the Group companies	9 232 304,86
2.	Prepayments	320 033,25
3.	Trade receivables	154 943,41

5. RESTRUCTURING OF THE ENTITY

5.1. MAIN REASONS BEHIND THE COMPANY HAVING FINANCIAL DIFFICULTIES

Political and legal reasons. The European Union is witnessing a consistent development of organic farming, but at the same time, a decrease in demand for organic products is evident. Organically farmed land increased by more than 50% between 2012 and 2020, the organic market was valued at EUR 90 billion, with demand growing by 12.1% annually, and sales of organic products in 2020 were twice as high as in 2015, which created suitable conditions for maintaining an additional price premium, partially compensating for higher production costs and lower yields on organic farms. However, since 2021, imports and consumption of organic products in the EU have decreased. This is associated with rising food prices and inflation, which makes it difficult for many consumers to afford more expensive organic products. This is especially noticeable after the pandemic period, when consumption habits stabilized or decreased, and the energy crisis and geopolitical events further increased food prices.

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

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

Table No. 24

Purchase prices for organic and conventional raw milk

	2018	2019	2020	2021	2022	2023 1st. half
Price of conventional raw milk, EUR/t	286	290	288	337	508	379
Price of eco raw milk, EUR/t	358	355	344	380	548	425
Difference, EUR/t	**72**	**65**	**56**	**43**	**40**	**45**
Difference, %	**25**	**23**	**19**	**13**	**8**	**12**

Milk yield from organic and conventional farms

	2016	2017	2018	2019	2020	2021	2022
Conventional farm 's annual milk yield per cow, kg	5 536	5 601	5 934	6 225	6 258	6 425	6 751
Eco farm's annual milk yield per cow, kg	4 742	4 903	4 672	4 829	4 880	4 698	
Difference (eco – conventional), kg	**-749**	**-698**	**-1 262**	**-1 396**	**-1 378**	**-1 727**	
Difference, %	**4**	**-12**	**-21**	**-22**	**-22**	**-27**	

Income of organic and conventional dairy farms

	2016	2017	2018	2019	2020	2021	2022	2016-2022 average	2023 forecast according to 6-month results
Eco milk price, EUR/t	294	345	358	355	344	380	548	375	425
Conv milk price, EUR/t	213	298	286	290	288	337	508	317	379
Income of eco farms, EUR/cow	1396	1692	1674	1716	1680	1787	2621	1795	2032

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

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

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

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

Table No. 25

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

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

Table No. 26

Harmonized Consumer Price Index annual average change, %[6]	2016	2017	2018	2019	2020	2021	2022	2023
EU - 27 countries (*since 2020)*	0,2	1,6	1,8	1,4	0,7	2,9	9,2	6,4
Lithuania	0,7	3,7	2,5	2,2	1,1	4,6	18,9	8,7

Fair remuneration policy. During the Company's transition to organic farming practices, the economic environment was more favourable for business in terms of salaries, with lower inflation. The requirements for organic production (such as greater need for mechanized processes or manual labour) increased the need for employees, and at the same time, wages grew noticeably in all positions. Compared to 2023, salaries for production employees grew 63%, from EUR 11.7 million to EUR 19.1 million, while those of administrative employees rose 35%, from EUR 4.2 million to EUR 5.7 million.

Company employee salaries, 2016.

Table No. 27

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

Company employee salaries, 2019-2023.

Table No. 28

Structure	2023	2022	2021	2020	2019
CEO	7 728	7 498	7 584	7 222	7 174
Management	3 787	3 710	3 414	3 431	3 363
Specialists	2 196	2 036	1 893	1 793	1 641
Workers	1 425	1 243	1 209	1 168	1 122

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

Table No. 29

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

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

Technological reasons. In 2018, an additional strategic investor, the European Bank for Reconstruction and Development (EBRD), was attracted during the public share issue. One of the conditions for cooperation set by the investor was the establishment of an environmental position within the Company, which prompted AUGA group to assess the CO2 and eq. emissions of its group activities for the first time. Having started to search for emission-reducing technologies and failing to find them on the global market, it was decided to take the initiative and develop technological solutions that would address the main pollution problems in one of the most polluting sectors in the world - agriculture (globally generates about 22%of CO2). The search for solutions to soil emissions, fossil fuel use in agricultural machinery and enteric rumination was initiated - for this purpose, a separate research and development (R&D) department was established. After a team of 2-3 specialists saw the potential to effectively solve the problems posed by emissions in agriculture, the number of employees in the department increased to 17.

The strategic decision of one of the largest organic food and agricultural group in Europe to undertake the development of capital-intensive agricultural technological equipment was a key turning point, solidifying the goal of transforming into a technology company. It was determined by external factors (such as the lack of market alternatives) and internal (intellectual and human resource capacity) to develop technologies that in 2024 were evaluated not only by patents on all major continents, awards, but also seriously considered by the largest agricultural machinery manufacturers as valid technological solutions that could be integrated into their technological sets.

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

In April 2024, AUGA Tech, UAB an indirect subsidiary of AUGA group, AB applied to the Green Industrialization Plan program “Billion for Business” to attract financing. To enable the development of its technology portfolio, AUGA Tech, UAB submitted an application worth EUR 60 million to the National Development Agency ILTĖ (formerly INVEGA). Additional capacities were required for the hiring of external consultants and the use of internal human resources. The Company also sought to attract a team of external industrial and financial partners, who were expected to finance the remaining EUR 15 million of the project and use their expertise to accelerate the introduction of technologies to the market. It was planned that the first production-scale technologies would be tested and applied in AUGA group operations, which would fundamentally improve the efficiency and profitability of agricultural operations.

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

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

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

Table No. 30

	2016	2017	2018	2019	2020	2021	2022	2023 I half	2023 / 01	2023 / 02	2023/ 03	2023/ 04	2023 / 05	2023 / 06
Conventional wheat, EUR/t	133	152	171	162	167	197	310	271	297	287	269	272	255	243
Eko wheat, EUR/t	256	256	289	255	221	263	376	317	348	350	338	305	290	270
Difference, EUR/t	123	104	118	93	54	66	66	46	51	63	69	34	36	27
Difference, %	93	68	69	57	33	34	21	17	17	22	25	12	14	11

Yield of organic and conventional wheat

	2016	2017	2018	2019	2020	2021	2022
Conventional winter wheat, t/ha	4.75	5.23	4.30	4.53	5.65	4.80	4.90
Organic wheat*, t/ha	1.17	2.19	1.93	3.09	3.42	2.28	2.32
Difference (winter conv. – wheat EKO) t/ha	-3.58	-3.04	-2.37	-1.44	-2.23	-2.52	-2.58
Difference (winter conv. – wheat EKO), %	-75	-58	-55	-32	-39	-52	-53

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

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

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

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

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

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

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

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

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

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

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

Table No. 31

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

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

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

Table No. 32

th. EUR	2018	2019	2020	2021	2022	2023	2024 IH
Interest expenses (loans, bonds, leasing) for the Group	2 172	2 761	3 645	3 172	4 285	5 400	2 968
Need of working capital	52 428	53 014	57 792	49 444	60 724	61 519	-

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

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

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

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

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

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

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

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

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

At the beginning of 2024, AUGA group undertook to implement a review of the agricultural efficiency plan, which aimed to improve the Group's financial results. After assessing the EUR 10 million loss in crop production and the results of the Mažeikiai region, where remote and inefficient land areas generated a loss of EUR 4.6 million in 2023 (the total undistributed loss of AUGA Mažeikiai from 2018-2023 increased from 341 thousand euros to EUR 4.933 million), a decision was made to abandon these lands in the hope of improving the Group's overall financial results and to direct funds to increasing the efficiency of the remaining farms.

Until the end of 2023, only a minimal premium was ensured for organic raw milk compared to conventional milk (which directly depended on the price of raw conventional milk), but in 2024 the sales strategy was changed - a significant price premium was agreed with the main organic milk processors through long-term contracts - the premium for organic milk is 6.5 ct/l.

Table No. 33

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

5.2.2. NEW MEASURES TO OVERCOME FINANCIAL DIFFICULTIES

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

5.2.3. REORGANIZATION OF THE ACTIVITIES OF A LEGAL ENTITY

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

1) Investments in subsidiaries
2) Individual businesses of the Group,
3) Production outlets,
3) Arable land (ownership and leasehold rights),
4) Biological assets,
5) Trade mark,
6) Intellectual property, etc.

Currently, the most relevant capital realization scenario provides for the possibility of selling a part of the managed agricultural companies or individual operations, which are remote from the main centres of activity and have an objective economic potential to generate greater benefits by connecting them to neighbouring farms, or the sale of which would have minimal impact on the results of other Group companies. In case the assets create additional value to the Group, the Company plans to sell the companies managing the assets, lease them back and continue to operate them under long-term agreements. The assets of these companies are largely mortgaged to financial institutions, therefore the proceeds from the relevant sale would largely accrue to the mortgage holders.

The scenario under consideration involves the following steps:

1) Inventory of relevant agricultural companies and asset management companies according to the offer recipients (neighbours, local or international development companies, etc.),

2) Formation of individualized plans,

3) Conducting negotiations,

4) Obtaining permissions from creditors and other interested parties,

5) Evaluation of final offers,

6) Implementation of the sales transaction, the generated proceeds of which would be distributed to cover creditors' obligations in accordance with the restructuring plan.

The Company has also previously received interest from third parties regarding the sale of asset management companies and has provided information accordingly in accordance with initial inquiries and initiated initial stages of negotiations (regarding the structure of a possible legal transaction, since the interested party was a foreign legal entity), however, due to uncertain financial circumstances of the Group, these were terminated at an early stage.

In total, the sales Company plans to receive at least EUR 5 million per year from companies indirectly managed by the Group companies (agriculture and real esate management), and the proceeds from the sale would be allocated to cover creditor obligations in accordance with the procedure provided for in the plan.

5.2.4. STRUCTURAL REORGANIZATION OF A LEGAL ENTITY

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

The reorganization of the AUGA group began even before the initiation of the restructuring, as the aim was to improve the financial indicators of both the entire Group and the Company. The number of employees was actively reviewed, which before the initiation of the restructuring decreased by 22 percent to 45 employees (compared to 58 employees in the same period in 2023), positions in the marketing, sales, finance, and accounting teams were reviewed. During the restructuring, other potentially redundant personnel positions will be reviewed, and operational activities will be strengthened, while individualized business plans will be formed and submitted for implementation. This measure may require strengthening of human resources in the areas of operations and change management.

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

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

Considering that the Group is changing its operating model, additional opportunities arise to significantly review operating costs. In 2023 – 2027, the Group's operating expenses (selling and administrative) are expected to be reduced (from EUR 13.9 million in 2023 to EUR 6.5 million) by reducing the costs of non-essential functions and processes, but without reducing salaries. This will be achieved by optimizing rental space, software service costs, and other costs related to the decreasing number of employees, minimizing marketing, representation, and other non-essential expenses in the new organizational structure.

Table No. 34

Mln. EUR	2023	2024 forecast	2025	2026	2027
Operating expenses	13,9	10,4	8,5	7,5	6,5

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

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

<u>*AB AUGA GROUP FORECASTED INCOME STATEMENT*</u>

Table No. 35

	2025 forecast	2026 forecast	2027 forecast	2028 forecast	2029 forecast
Pardavimo pajamos / Sales revenue	**4.751.847**	**5.269.884**	**5.339.282**	**5.410.067**	**5.482.269**
- Grupės paslaugos / Group services	3.401.847	3.469.884	3.539.282	3.610.067	3.682.269
- Biometano ekonominė nauda / The economic benefit of biomethane	1.350.000	1.800.000	1.800.000	1.800.000	1.800.000
Dividendai ir verslų pardavimo pajamos / Revenue from dividends and sale of businesses	**350.000**	**350.000**	**350.000**	**350.000**	**350.000**
Bendrasis pelnas (nuostoliai) / Gross profit (loss)	**5.101.847**	**5.619.884**	**5.689.282**	**5.760.067**	**5.832.269**
Bendrosios ir administracinės sąnaudos / General and Administrative expenses	(3.239.854)	(3.304.651)	(3.370.744)	(3.438.159)	(3.506.922)
Palūkanų ir kitos panašios sąnaudos / Interest and other similar expenses	(871.213)	(1.690.276	(512.276)	(367.381)	(215.582)
Pelnas (nuostoliai) prieš apmokestinimą / Profit (loss) before tax	**990.780**	**624.956**	**1.806.261**	**1.954.527**	**2.109.764**
Pelno mokestis / Corporate tax	(148.617)	(93.743)	(270.939)	(293.179)	(316.465)

Grynasis pelnas (nuostolis) / Net profit (loss)	**842.163**	**531.213**	**1.535.322**	**1.661.348**	**1.793.299**
Amortizacija/Nusidėvėjimas / Amortization/Depreciation	109.866	109.866	109.866	109.866	109.866
Grynosios palūkanų ir kitos panašios sąnaudos / Net interest and other similar expenses	871.213	1.690.276	512.276	367.381	215.582
EBITDA	**1.823.242**	**2.331.355**	**2.157.464**	**2.138.595**	**2.118.748**

Sources of payment of restructured debts:

Key Assumptions of the Draft Plan:

- The Company continues to serve Group companies and generates revenue for the services provided.
- The Company earns income from biomethane economic activities, considering that it has self-financed the development of these activities.
- Interest is calculated based on the statistical interest rates published by the Bank of Lithuania at the time of the plan's preparation (5.89%).
- Interest for the first half of 2025 is not calculated.

Potential Sources for Repaying Restructured Debts:

- **The Company's EBITDA.**
- **Revenue from asset sales.** Debt reduction is planned by selling agricultural companies and real estate-owning companies managed by the Group. It is estimated that these sales will be completed by the end of 2026, and the proceeds will be directed to satisfy creditors' claims.
- **Proceeds from asset sales** would be used to meet the claims of Green Bond creditors.
- Claims from other creditors would be satisfied through the Company’s generated economic activity.
- If the value of the sold assets exceeds the sum of mortgage claims and external suppliers are paid according to the planned schedule, the surplus would be used to cover obligations to Group companies, with payment terms to be negotiated separately.

AB AUGA GROUP'S FORECASTED SETTLEMENT WITH CREDITORS

Table No. 36

	2025 forecast	2026 forecast	2027 forecast	2028 forecast	2029 forecast
Financial debts (for non-Group companies) / Finansinės skolos (ne Grupės įmonėms) 29.582.778, - EUR	885.387	20.200.000	2.469.337	2.586.975	2.710.144
Requirements of the creditors (for non-Group companies) / Kreditorių reikalavimai (ne Grupės įmonėms) 541.000, - EUR	19.041	212.822	53.104	55.634	58.283
*Requirements of the creditors (for companies of the Group) / Kreditorių reikalavimai (Grupės įmonėms) 569.927, - EUR					
*Financial debts (for companies of the Group) / Finansinės skolos (Grupės įmonėms) 6.383.407, - EUR					

*- No forecast is provided for internal creditor liabilities of the Group companies; their repayment schedules will be supplemented.

Below is a SWOT analysis:

Strengths and weaknesses of a legal entity	
Strengths (what a legal entity can (is cable to) do)	**Weaknesses** (what a legal entity cannot (is not able to)do)
• **What does the legal entity do exceptionally well?** *1.Employee evaluation and satisfaction.* Companies of AUGA group employs 1110 people throughout Lithuania, of which 45 employees work in the AUGA group's management company (as of 30 September 2024). The Company's structure is unique in its wide range of activities - it is engaged in crop production, animal husbandry, mushroom cultivation, production of products for final consumption, development of sustainable agricultural technologies and biomethane production and sales, but all these employees of different qualifications, seniority, education and backgrounds across Lithuania are united by a common mission to the world - provide food at “no cost to nature" to the world. Employees motivated by sustainability not only contribute to this mission with their daily work, but are also direct shareholders of AUGA group itself, as they are motivated by the option programme. This motivational measure allows creating long-term added value for the Company and employees. AUGA group has been applying this measure for five years. In 2023 255 employees participated in this program, of which 44 were new program participants. The strength of the Company's groups comes not only from within but is often assessed in the Employers' Market - in 2022, AUGA was listed among the final top twenty most desirable employers in Lithuania.[1] AUGA group applies a fair and transparent remuneration policy, which sets salary ranges, calculation methods and adjustment principles. It also uses the "KORN FERRY" remuneration data analysis platform to track market trends. Each staff member's performance is measured by the results they achieve in their field. The Group does not tolerate different remuneration for the same type of work.	• **What could the legal entity do better?** *1. To increase the efficiency of employees' work and reduce operating costs.* Since 2016, AUGA group has been carrying out intensive expansion of operations, not only by cultivating a maximum of 38,000 hectares of agricultural land and raising up to 3,500 cows, but also by vertically expanding its areas of activity and functions along the entire axis of food chain operations (sales and marketing of products for final consumption, technology development and expansion, exemplary good governance practices and transparency in accordance with NASDAQ issuer requirements, etc.). Accordingly, in 2018, when the largest number of cultivated hectares was reached, the total annual salary budget of the Group amounted to EUR 12.182 million, which accounted for 21%. Of all Group costs (EUR 56.178 million) or 22%. Of all Group income (EUR 54.749 million). For comparison, in 2023 The total annual salary budget amounted to 24,838 million euros, accounting for 29 percent of the annual total costs (84,870 million) and 32 percent of the Group's total income (77,442 million euros). It is important to emphasize that AUGA's raw materials are sold on a global market that has not experienced comparable double-digit growth in employee salaries and record EU inflation, which has also increased other production costs. *2. Increase the efficiency of agricultural machinery.* Expand/increase the agricultural machinery fleet according to needs so that the machinery, when performing a specific task (sowing, fertilizing, etc.), can cover as large an area as possible in one trip, and, if necessary, share the machinery between different farms. In this way, performing operations on one farm

2. Sustainability. The Company is an undisputed sustainability leader in agriculture – not only does it apply cutting-edge circular economy principles to its business model, but it also aims to demonstrate the long-term economic value of using sustainable agricultural technologies. In the future, when sustainability requirements for agricultural production will be regulated and standardized globally, CO2eq. emissions will be taxed, sustainable economic activity will become a pragmatic business decision and will constitute a significant competitive advantage. Large food concerns will be obliged to integrate sustainable raw material production into their food value chain, protecting the well-being of consumers and nature. The sustainability strategy is an integral part of the Group's business and the Company pursues its objectives through all three areas of sustainability: social responsibility, sustainable management, and environmental protection. AUGA group subsidiary AUGA Tech's innovation portfolio includes prototypes and pre-production series solutions – a hybrid electric and biomethane-powered tractor, a multimodal agricultural platform, and a sustainable feed system. These achievements are the unique result of the ongoing collaboration between the Group's colleagues and scientists from Lithuanian universities, which have been taken from paper to technology in less than 5 years, with some of them patented in global markets.

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

3. Business diversification. Since August 2023, the Company has been engaged not only in organic but also in regenerative conventional agriculture, whose markets, products, and economic cycles are not identical - when one market experiences an economic downturn, the situation in another may even be the opposite. Products from conventional agriculture cannot participate in the organic market, and the transition period to ecology lasts at least three years. In this way, by participating in different, but similar markets, business risks are diversified, and business opportunities are does not have to delay agricultural work on another.

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

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

5.*To further diversify the Company's sources of income.* Raw materials generate the highest income on a company-wide basis, it is important to ensure the income stream from biomethane production, increase the importance of the end-user segment in the income structure, strengthen the availability of the basket by concentrating on a few key trading partners, and reduce the costs associated with its distribution.

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

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

maximised to manage cash flows more effectively and increase profits. Mushroom cultivation also contributes to diversification - production is ensured throughout the year. This segment, unlike non-agriculture, is resistant to climate change, but more sensitive to energy prices. Agricultural activities are less affected in this respect. The end-user segment is growing steadily - looking at the history of the AUGA brand, we can see the Group's capacity to develop one "ready-to-eat" food category, and after its successful sale in 2023, to replace it with a new category of "daily consumer goods basket" products with a broader coverage. By continuing to roll out sustainability practices throughout the Group's production chain, synergies and additional benefits will also reach the end consumer. *4. Economies of scale*. Due to its scale and geographical location of operations, the group of companies is able to directly ensure the quality of its raw products and sell them to foreign buyers without intermediaries, as it can ensure high-quality wholesale quantities. Due to its large scale, the Company can ensure the presentation of the quality required by buyers; a large part of the farms is located in different geographical areas, and the needs of customers are flexibly met. The available elevators ensure proper sorting and preparation of products for the buyer. It is important to emphasize that, being a large organization, AUGA can also use more favourable supply chain conditions - when purchasing large quantities of production equipment and ingredients directly from suppliers, better prices are ensured, and at the same time, specific production requirements can be raised, which determine the final higher quality of products. Professional animal husbandry is impossible without high-quality feed production - the Company invests in modern technologies that are not available to all farms. One feed shop can supply 7-8 dairy farms, which allows achieving a good balance between cost and quality, high milk yield and efficient production. Economies of scale also help maintain a prominent level of competence - teams of specialists assembled from operations centres	*In the short term, the development of sustainable technologies and business efficiency activities are unfavourable, because currently there is no market demand for these technologies, and accordingly, there are no regulatory prerequisites or requirements to green the current agricultural sector.* *During the development of innovations, conscious investments were made in the development of sustainable technologies, which were supposed to increase not only sustainability, but also efficiency indicators on farms. This priority directly affected the increase in standard farm efficiency in the AUGA group of companies, because sustainable technologies (after receiving financing for them and integrating them into daily crop and animal husbandry activities) were supposed to replace all old, no longer so efficient equipment. Accordingly, investments in modernization were postponed and too little was invested in the farm park and infrastructure of agricultural businesses during 2019–2024, which did not allow increasing productivity and efficiency indicators. Efficiency investments would have partially compensated for the growing costs of raw materials, materials, and employee salaries.* • **Where is a legal entity vulnerable?** *1. The Group's level of borrowed capital may result in limited financing options.* Obtain additional financing for working capital, capital expenditures, acquisitions, debt servicing, etc. The Group's flexibility to adapt to changing market conditions may also be limited, and restrictions in credit agreements may limit the ability to borrow more funds, pledge assets and/or participate in mergers or other transactions. *2. Use of short-term credit lines and factoring to finance working capital.* If the Group were to encounter difficulties in renewing (refinancing) these facilities or were to fail to do so, this could have a material adverse effect on the viability of the Group's operations. *3. Payments under land lease agreements may increase.* The Group leases most of its cultivated

contribute to specific farm improvement programs, thus promoting the dissemination of good practices and technological knowledge.

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

1. *Reputation of the Company and recognition.* The Company has a good record of accomplishment and has already established a reputation in the market, with each year it is increasingly recognized and visible thanks to communication and consistent marketing actions. The Company is recognized as a reliable and high-quality service provider. The Company has experience in international exhibitions, which greatly helps to maintain and increase the Company's visibility and attract new customers. The Group's technologies are designed for application not only on AUGA group farms - innovative solutions and sustainable agriculture experience could be used by all farmers who strive to work sustainably. The significance of the Company's activities is also appreciated by society - in 2021 the Group won the international green innovation award (Baltic Sustainability Awards)2, in 2024 it entered the top five of the Baltic Brands study, rated as one of the most environmentally friendly brands in the Baltic States3, and in 2024 it was awarded as a leader in the field of innovation at the Green Transport Awards.[4]

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

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

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

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

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

6. *Potential risks related to environmental regulation.* The Group is required to comply with environmental regulations and may be held liable for improper compliance with such regulations. The Group is required to comply with various environmental regulations in its operations, which regulate the labelling, use and storage of various hazardous substances used in the Group's operations. These regulations require the implementation of procedures and technologies for the proper handling of any hazardous substances and provide for the Group's responsibility for the management and elimination of any environmental pollution. In addition to liability for current activities, the Group may also be liable for any past activities if it is found that such activities have caused environmental damage. In addition, any changes in national and international environmental regulations may require the Group to take measures to

regenerative agriculture and certification according to ĮST SM 000240401 "Standard for Regenerative Agriculture. Malting Barley".

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

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

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

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

comply with the required standards. This may have an adverse effect on the Group's operations, financial position, and results.

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

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

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

1. Small and medium-sized farms that focus on the cultivation and sale of raw materials incur lower management costs.
2. Small and medium-sized farms are not subject to restrictions on direct and indirect payments received.
3. Small and medium-sized farms have the opportunity to participate in agricultural machinery support projects that have restrictions on the size or experience of applicants (for example, priority or better conditions are often applied to young farmers).
4. The advantage of competitors with greater capital. Competitors with better investment opportunities have greater potential to invest both in the development of operations and to cultivate agriculture with the most productive and latest machinery and robotic elements, allowing for both improved yields and milk yields.
5. The advantage of payments received by international competitors. In one of the most important export directions of AUGA group – Germany – large agricultural companies can claim 2.3 times higher direct payments than companies in Lithuania. In Lithuania, small farmers receive more than three times higher payments than agricultural companies, while in Germany this gap is half as small and reaches

8. *<u>Company financial transparency.</u>* The Company was audited by the audit company - (UAB "PricewaterhouseCoopers") for 2023, the approved auditor for 2024 is "Grant Thornton Baltic". *9. <u>Participant of NASDAQ Baltic Stock Exchange -</u>* A publicly listed Company has the opportunity to raise capital more easily for the Company's development plans or strategic projects. The status of an issuer creates conditions for financing operations with the help of various financial instruments. In addition, public listing increases the Company's visibility and awareness in the market, such opportunities can generate more investor attention and facilitate capital raising processes in the future. A listed company is more reliable for partners and customers, as its activities are more transparent due to mandatory reporting and stricter supervision. • **What are the resources of a legal entity?** *<u>1.Human resources.</u>* Long-term qualified employees in all areas of business development, including sales, agronomy, transport management, customer service, Sustainability and quality, and marketing: The Company employs 45 employees, and the Group as a whole has 1,110 employees. *<u>2. The Company has access to consolidated land mass through its own and leasehold land, formed over an extended period of time.</u>* The land areas are located in the most fertile regions of Lithuania, where intensive agricultural activities are possible. 3. <u>The Group has a long-established customer base</u> to which it supplies products directly without intermediaries. This includes not only agricultural (crop, livestock) customers, but also mushroom growing and consumer products businesses. 4.<u>Production bases with all the necessary equipment</u> for performing essential agricultural processes have been formed. They are located throughout Lithuania, concentrated on land massifs and livestock farms.	1.5 times. This confirms that the existing programs distort the competitive environment and do not allow Lithuanian companies, especially large ones, to remain competitive in markets such as Germany, where there is no unequal payment policy based on the size of the producer/grower.

5. Biological fertilizers. Organic waste (digestate) from animal husbandry is used as fertilizer in organic crop production. 6. *Partners.* Due to its scale, AUGA maintains strong long-term relationships with the largest suppliers on the best terms without intermediaries. 7. Many years of experience and market knowledge. The Company, as a long-standing participant in the agricultural sector, possesses in-depth knowledge of the field, the technologies used in it, regulatory changes, and competitors' activities. It has the ability to offer clients innovative and unrivaled solutions. *8.Electricity.* The Group invests in renewable energy sources - only certified green electricity is used on farms, and some farms also have solar power plants installed. The amount of electricity produced and sold to the market during the reporting period corresponds to the energy consumed in AUGA group offices during the same period. • **What are competitive strengths of the legal entity?** *1. Economies of scale* – The group operates on large areas of land. Lower labour costs and economies of scale allow it to gain significant cost advantages. 2. Vertical integration – The gGroup's farms produce a wide range of raw materials and organize their processing and preparation for consumption, either by themselves or together with contract manufacturing partners. This allows us to offer consumers a variety of high-quality end-use products, such as: dairy or oat products, vegetables, mushrooms, eggs. *3.Full traceability* – The Group ensures high product quality and full traceability: from seeds to packaging. *4.Sinergy between different agricultural activities* - The Group operates on a closed-loop agricultural model, which allows it to supply different business segments with the necessary farming products – for example: the organic animal husbandry segment operates in synergy	

with organic crop farming. Livestock farming uses crops for feed, which are grown as part of crop rotation, and organic waste generated by the segment's operations is used as fertilizer in crop farming. 5.*Technology development and application in practice* – Emission-reducing agricultural technologies are a guarantee of progress in the sector, which will allow us to curb climate change issues. By creating innovative solutions in agriculture that are not available on the market today, the Group aims to implement the standard of sustainable agricultural practices and a breakthrough in the entire food system. Such companies will be supported by both consumers and investors today and in the future. *6. The supply chain is extensive and complex.* By operating on the principle of a circular economy, the Group can provide itself with some of the raw materials and resources required for its activities. For example, crop fertilizers are organic waste from livestock farming (manure) and used mushroom compost, and the grown raw materials are used as ingredients for cattle feed. Also, crop products (straw), together with livestock manure, are used in mushroom cultivation. The Group purchases fuel, seeds, certain raw materials, and other products from external suppliers, rents or acquires the equipment necessary for work.	
External opportunities and threats of a legal entity	
Opportunities (potentially advantageous conditions for a legal entity)	**Threats** (potentially disadvantageous conditions for a legal entity)
• **What measures could be used to restore the solvency of a legal entity and maintain its viability?** 1. *Perform a detailed financial analysis of activities at the Group level, and identify the reasons behind the solvency problem.* After evaluating the results of the analysis, identifying the roots of the solvency problem, based on this, prepare a targeted plan to address them. Also, prepare a detailed solvency restoration plan for debt restructuring, negotiating with creditors regarding payment schedules.	• **What external obstacles may hinder a legal entity?** *1. Climate conditions.* Climate conditions are one of the most important risk factors in agricultural activities. Poor or adverse weather conditions have a significant impact on productivity and can negatively affect agricultural yields, impair feed production, destroy crops, or cause other damage. Any damage due to adverse climate conditions may adversely affect the Group's financial position, operations, and results.

2. Optimize operations and reduce costs. Evaluate all, even the smallest, opportunities to reduce costs by reviewing all areas of the Company's operations. This would include narrowing the scope of activities, combining responsibilities, reducing employee costs. 3. *Abandon redundant or exemplary reporting activities* related to ESG (Good Governance Practices) in order to meet minimum requirements for listed companies. 4. *Sell Group companies with non-current* assets in order to reduce financial, creditor indebtedness and debt servicing costs. 5. *With the help of investors or external industrial partners, commercialize AUGA's portfolio of sustainable agricultural technologies* or sell part of the portfolio technologies in order to recover the group's investments in long-term R&D activities aimed at greening the food chain. • **What opportunities were not exploited?** *1. Possibility of early transition to the convention.* Due to the strict payment programs and their deadlines (2016-2022 Rural Development Program, which was replaced by the 2023-2027 Strategic Plan), there was no opportunity to respond earlier to changing market trends in the organic market, which led to lower incomes and reduced profit margins. At the same time, the business environment for conventional farms became more favourable already in the 2021-2022 season. *2. The ability to manage excessive growth at the wrong time.* The Company's rapid growth required significant investments in infrastructure and working capital, which led to increased costs and decreased profitability. Insufficient attention to risk management and contingency planning made the Company vulnerable to adverse economic changes. The Company's scale and complex operations limited its flexibility to make quick decisions that would have a visible direct effect on the core business results.	*2. Fluctuating prices of organic products.* Certified organic products are typically more expensive than their conventional counterparts due to factors such as limited supply, smaller quantities, and regulatory restrictions. However, historically, the premium for organic has compensated for the opportunity costs resulting from higher production costs, lower operational efficiency, and higher labour input. *3. Changes in the EU subsidies.* The Group receives significant EU subsidies (approximately EUR 11 million) that are important for ensuring the continuity of its operations. If, for any reason, the provision of these subsidies was to be terminated or reduced, this could have a significant impact on many areas of the Group's operations, including reduced cash flows and profitability from operating activities, reduced value of land and investment properties and impairment of property, plant, and equipment. *4. Lack of human resources.* Field workers are hired to perform field work, and their demand is particularly high in rural areas. The workforce of this demographic group is decreasing due to the declining and aging population of rural areas, which is a widespread and long-term risk relevant to all activities in rural areas. In addition, according to the Official Statistics Portal, the employment rate in Lithuania in 2023 reached 63.1% and was the highest since 1998. In view of this, the Group recognizes that the risk of a shortage of workers to optimally implement all field work is real, and may cause operational difficulties, hinder the achievement of production goals, maintain quality standards, or take advantage of market opportunities. The Mushroom Growing business segment also faces a shortage of workers, as insufficient and untimely supply of human resources does not allow for the optimal organization of production processes and ensure proper crop care. - **How can economic conditions affect a legal entity?** *1. Economic condition if interest rates are not reduced.* If interest rates do not decrease as planned, the Company may face greater difficulties in servicing/repaying its obligations.

3.Technologijų komercializavimo valdymo galimybė. Pernelyg didelis pasikliovimas technologijų savalaikiu komercializavimu ir jų galimais terminais padarė įmonę pažeidžiamą nepalankių įvykių, Tvarumo ir žalinimo politikos prioritetų pokyčio kontekste. *4. Interest rate dependency management option.* The Company has failed to reduce its dependence on prominent levels of financial indebtedness (over EUR 80 million) by generating more profit from its operations to mitigate the impact of interest rate changes on the Company's results. By focusing on raising capital for the Technology business, time and momentum were lost in attempting to raise capital for the Group's day-to-day needs and efficiency projects. • **What latest changes and trends will provide new opportunities for a legal entity?** *1. Continuation and strengthening of the Company's core business activities -* the production of raw agricultural products in crop and livestock farming, investing in better technological readiness of farms, individualized business plans based on objective farm data and natural/soil/herd conditions, and better exploitation of synergies between economic sectors (such as the wide application of digestate in organic crop farming) will restore a solid business base and the basic conditions for business productivity. *2. The Company's early readiness to meet sustainability requirements.* Companies that have already taken care of sustainability compliance requirements have a competitive advantage, as customers increasingly choose business partners that meet environmental, social responsibility and good governance standards, which could attract new, large, and direct customers and increase revenues. The Company's sustainable technology portfolio, sustainable farming standard and other long-term projects will create additional benefits for customers and partners by restoring business fundamentals.	*2. Risk of inflation.* Inflation poses a direct risk of increasing Company's costs, which cannot be directly passed on as costs to customers or consumers. For these reasons, the Company's gross profit would also decrease. *3. Economic condition, if additional higher taxes arise, such as employer or pollution taxes.* Additional taxes would increase the Group's costs. This could further complicate profit generation and could force the Group to raise sales prices that would not necessarily be acceptable to its existing customer base. Such a situation could pose a challenge for the Group to sell its products at a price that is acceptable to the business, in order to cover not only the cost price but also generate earnings. *4. Economic environment,* such as economic slowdown, declining purchasing power of consumers of raw and finished food products, changes in inflation rates, exchange rate fluctuations, or geopolitical events will also have an impact on restoring the Company's profitability. • **How can competitors take advantage of changes in the legal entity?** *1. Distrust of suppliers, long-term partners and employees may result* in increased termination of cooperation policies and practices beneficial to the Company by interested parties, a decrease in the morale of the existing team of employees, more difficult attraction and retention of new talented employees, and higher direct costs related to employee turnover. *2. Lost market share.* The Company may not be able to reduce the prices of its services due to the loans taken and existing liabilities. This may provide an opportunity for competitors to take over market share by offering more attractive prices to their customers. *3.Client poaching.* Competitors may take advantage of the uncertain market situation and seek to take over long-term customers of AUGA companies.

3. *Declining interest rates.* The planned decrease in interest rates will improve the Company's financial position by reducing debt servicing costs. It will create an opportunity to refinance the Company's debts on more favourable terms, reducing the financial burden.	4. *Reduced investment in technology.* A company that allocates part of its profits to cover its creditor obligations will have fewer opportunities than its competitors to invest in innovative technologies and infrastructure, which may give its competitors an advantage.
4. Implementation of strategic projects. Biomethane production from agricultural by-products used by the Group will generate significant new climate-neutral revenues. Over the past 5 years, the Company has been actively seeking to create and deploy biomethane purification infrastructure so that this activity can start in full scale from 2025. It is important to note that the REDIII directive will create favourable economic conditions for the demand for biomethane consumption in the transport sector in the European Union. In 2023, a scientific review of the results of two years of feed technology testing was also carried out. It was carried out by scientists from the Veterinary Academy of the Lithuanian University of Health Sciences, who confirmed the validity of the results, determining that this technology allows for an increase in milk yield without affecting milk quality and a 32 percent reduction in methane emissions generated by the digestive processes of cows per litre of raw milk. The Group's work in the field of animal husbandry sustainability will allow not only to produce feed more sustainably, but also to maximize the cost of feed, using the currently available infrastructure and increasing profits accordingly more effectively. The developed feed technology elements will be implemented in animal husbandry and will allow reducing the cost of production, while at the same time producing products with the lowest emission factor on the market.	*4. The inapplicability of the principle of economies of scale.* Due to limited financial resources and the instability of the market leader's position, long-standing suppliers and partners may choose to no longer apply favourable commercial terms and conditions, which may further increase operating and input costs, thus limiting the Company's competitiveness.

The Company does not intend to obtain long-term credit facilities, but may, if available and/or if there is an additional need, make use of the Intermediate and New Financing Facilities by obtaining additional credit and/or factoring, with additional pledging of immovable or movable property. The Company reserves the right to seek more favourable terms and conditions in the event of changes in the interbank interest rate and to refinance its current financial liabilities on more favourable terms if necessary. The Company’s actual profit and loss account includes all costs of current operations.

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

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

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

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

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

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

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

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

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

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

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

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

Table No. 37

Title	Value, EUR 000	Comments
Non-current assets	113.840	In this part of the assets, the non-current intangible assets (Software) are EUR 327.000, the non-current tangible assets (Other equipment, devices and tools) are EUR 1,013.000 (including leased assets of EUR 53.711.000 , the financial assets (shares of the Group companies) are EUR 108.745.000, (After one year are EUR 3.265.000 and other non-current assets are EUR 490.000).
Inventories and materials	31	
Current receivables	6.319	This part of the assets consists of customer debt, but only the Company's debtors (the list is given in tables Nos. 19 to 21)
Cash and cash equivalents	2	
TOTAL assets	**120.192**	

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

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

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

Table No. 38

EUR 000	Restructuring process	Bankruptcy process
Property	**120.190**	**37.397**
Intangible assets	327	0
Financial assets	108.745	32.624
Other equipment, devices, and tools	1.013	304
Other non-current assets	490	147
Inventories	31	9
Advances and other receivables	3.526	1.587
Tade receivables	6.058	2.726
Liabilities	**42.934**	**43.549**
Loans	36.233	36.233
Leasing obligations	35	35
Loans (Group companies)	3.265	3.265
Other obligations	2.236	2.236
Suppliers	1.010	1.010
Wage-related debts	155	770
Interest payable	**1.636**	
Result	78.892	-6.153

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

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

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

5.7. ASSETS TO BE REVALUED, SOLD OR WRITTEN OFF

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

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

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

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

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

Based on business forecasts, complex actions for business optimisation, divestments and other actions, additional sources of funding may be required during the period of implementation of the restructuring plan. The Company will use the current working capital available to finance its activities, which are formed from the Company's short-term assets, i.e. available inventories, revenues from ongoing activities and accounts receivable. However, a situation may arise that the Company, in order to increase the income from its ongoing activities, will have to access new sources of financing, taking advantage of the New Financing option. It should be noted that at the time of drafting this plan, the Company has not yet finalised the calculations and has not yet prepared plans for the possible use of New Financial Instruments.

5.10. PROCEDURE FOR COVERING UNEXPECTED LOSSES

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

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

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

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

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

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

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

- In the first year of restructuring, i.e. during the period of 2025-2026, but not later than by 31/12/2026;
- In the second year of restructuring, i.e. during the period of 2026-2027, but not later than by 31/12/2027;
- In the third year of restructuring, i.e. during the period of 2027-2028, but not later than by 31/12/2028;
- In the fourth year of restructuring, i.e. during the period of 2028-2029, but not later than by the end of the Plan.

In the second stage of satisfying creditors' claims:

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

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

No such data available.

8. ESTIMATED ADMINISTRATIVE EXPENSES

It has been agreed that the administrative expenses will consist of the following: remuneration ofthe insolvency administrator – EUR 10,000 plus VAT per month from the date of entry into force of the decision to initiate restructuring proceedings until the end of the restructuring proceedings and restructuring administration expenses on a needed basis (actual) – up to EUR 10,000 plus VAT per year (for organising meetings, postal correspondence related to the notification of creditors, etc.). These expenses are included in operating expenses and the Company undertakes to pay them.

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

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

The Company's head of administration submits a report on the implementation of the restructuring plan to the insolvency administrator and/or creditors at least for each quarter of the legal entity's financial year in accordance with the procedure established by the supervisory authority and no later than within 15 calendar days after the last day of the previous quarter of the legal entity. The minimum content requirements for the restructuring plan implementation report are (i) changes in the structure of assets or liabilities, (ii) expenses, (iii) measures, (iv) significant changes identified during the preparation of the report compared to the previous report and (v) other other developments that the Company's management bodies consider to be significant and which may affect the implementation of the restructuring plan.

Members of the management bodies of the Company being restructured and the Company's manager (general manager) are liable for damage caused to the Company and/or creditors in accordance with the procedure laid down by the legal acts of the Republic of Lithuania.

The creditors of the Company being restructured have the right to require the general manager of the Company being restructured to prepare and submit reports on the implementation of the restructuring plan in an unscheduled manner. Upon request, the head of the Company being restructured must prepare and submit such reports to the creditors within 10 business days.

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

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

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

- to pay dividends or other payments to shareholders until the debts to creditors provided for in this plan are fully paid;
- to invest in other companies or acquire securities issued by other companies.

11. FINAL PROVISIONS

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

Restructuring plan compiled by AUGA group, AB.