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Independent Auditor's Report

To the Shareholders of Linas Agro group AB

Report on the Audit of the Separate and the Consolidated Financial Statements

Opinion

We have audited the separate financial statements of Linas Agro group AB ("the Company") and the consolidated financial statements of Linas Agro group AB and its subsidiaries ("the Group"). The Company's separate and the Group's consolidated financial statements comprise:

- the separate and the consolidated statement of financial position as at 30 June 2022,
- the separate and the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the separate and the consolidated statement of changes in equity for the year then ended,
- the separate and the consolidated statement of cash flows for the year then ended, and
- the notes to the separate and the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the non-consolidated financial position of the Company and the consolidated financial position of the Group as at 30 June 2022, and of their non-consolidated and consolidated financial performance and their non-consolidated and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

Company code: 111616158
VAT code: LT114949716

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Valuation of biological assets (in the consolidated financial statements

The residual value of biological assets at 30 June 2022 is EUR 50 757 thousand (30 June 2021: EUR 32 202 thousand) and the gain on change in the value of biological assets recognised at 30 June 2022 is EUR 12 732 thousand (30 June 2021: EUR 4 168 thousand).

We refer to Note 2.10 "Biological Assets", Note 2.27 "Use of Estimates and Assumptions in the Preparation of Financial Statements", Note 10 "Biological Assets" to the separate and consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Biological assets consist of livestock (mainly dairy cows and other cattle), crops and poultry (hatching hens and broilers). As discussed in note 2.10, the Group carries its biological assets at fair value less costs to sell. The Group determines its own fair value using a number of methods, including, for example, the discounted cash flow method used to determine the value of cattle, the market price method used to determine the value of a crop based on its expected yield, or, in the case of a hen, based on the future value of the eggs less the cost of keeping the hen until the end of her productive life and the cost of slaughtering her. Relatively insignificant changes in the key assumptions used in the above estimates could have a material impact on the results and amounts recognised in the financial statements. Estimating the fair value of biological assets requires significant judgements and complex assumptions. This, together with the magnitude of the amounts involved, made it an area that required more attention during the audit and we therefore considered it as a key subject of our audit.	Our audit procedures, performed with the assistance of our valuation specialists where applicable, included, among others: • an assessment of the design and implementation of selected internal controls related to the valuation of biological assets, including where management confirms the underlying assumptions and results of the valuation; • analysis of relevant historical and market information used in the valuation of biological assets, taking into account publicly available sources and interviewing members of management; • In the light of the results of the above procedure, we tested the valuation of biological assets and its underlying assumptions. This included, inter alia: - for the determination of the value of cattle, an estimate of the selling price of milk, taking into account historical experience and publicly available market sources, and the average productive life of a dairy cow, taking into account historical experience. - for the purpose of determining the value of a crop, the yield of a given category of crop, taking into account historical experience and expected selling prices, taking into account future crop prices derived from publicly available market information. - For the determination of the value of hatching hens, an estimate of the price of hatching eggs, based on publicly available market prices and the number of eggs expected to be produced per hen during her lifetime. Inspection of the disclosures relating to biological assets in the consolidated financial statements in accordance with the requirements of Financial Reporting Standards.

Valuation of inventories (in the consolidated financial statements

The residual value of inventories in the consolidated financial statements at 30 June 2022 amounts to EUR 243 876 thousand (30 June 2021: EUR 89 292 thousand); the adjustment to net realisable value recognised in the consolidated financial statements at 30 June 2022 amounts to EUR 1 438 thousand (30 June 2021: EUR 1 537 thousand).

We refer to Note 2.11 "Inventories", Note 2.27 "Use of estimates and assumptions in the preparation of financial statements", Note 11 "Inventories" to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group supplies agricultural products, processes agricultural products, produces food products and markets agricultural products. At each reporting date, the Group determines, as required by the relevant accounting standards, whether the carrying amount of its inventories exceeds their net realisable value. For obsolete or slow-moving inventories, this involves comparing the existing inventories with their future use and sales forecasts. In addition, all of the Group's product inventories are tested for possible reductions in their expected selling prices below cost. We have focused on this area because of the high value of the inventories and the fact that the estimation of the residual value of the inventories requires significant management judgements based on assumptions such as, in particular, future selling prices. Changes in these assumptions may result in significant changes in the residual value of inventories and related movements recognised in profit or loss.	In addition to other audit procedures, we performed the following audit procedures: - we evaluated the design and implementation of selected internal controls related to the valuation of inventories, including the identification of slow-moving and obsolete inventories and the expected adjustments to the net realisable value; - assessing the accuracy of the Group's forecasting by analysing, where possible, inventories written off in prior years against the current year's results; - testing the write-down of goods for resale to net realisable value based on their selling prices at year-end. We assessed the accuracy and adequacy of the Group's disclosures related to the uncertainty in the measurement of write-downs to net realisable value and related write-offs.

Impairment of trade receivables (in the consolidated financial statements

The residual value of trade receivables in the consolidated financial statements at 31 June 2022 amounts to EUR 300 061 thousand (30 June 2021: EUR 104 710 thousand); the impairment losses recognised in the consolidated financial statements for the year ended 30 June 2022 amount to EUR 2 813 thousand (year ended 30 June 2021: EUR 318 thousand).

We refer to Note 2.8 "Impairment of Financial Assets", Note 2.27 "Use of Estimates and Assumptions in the Preparation of Financial Statements", Note 14 "Trade Receivables.

The key audit matter	How the matter was addressed in our audit
Impairment losses represent management's best estimate of expected credit losses on receivables at the reporting date. We have focused on this area because the measurement of impairment losses requires management to make a series of judgements and decisions. The Group assesses impairment of trade receivables both individually and collectively at each reporting date. In estimating the amount of impairment losses, which is equal to the expected credit losses (ECL), management takes into account, among other things, the payment history of the receivables and the historical experience of credit losses, adjusted for factors specific to the debtors, and an assessment of both the current and expected general economic conditions at the date of the report. Thus, the key areas of measurement uncertainty and judgements related to the recognition of impairment of trade receivables are as follows: - the assumptions used to estimate the credit risk of the related exposure and the client's expected future cash flows; - identification of exposures with significant credit risk or credit impairment (default)	Among others, we have carried out the following procedures in this area: - assessing the appropriateness of the Company's impairment methodology against the requirements of relevant financial reporting standards; - understanding and assessing the key internal control systems in place in relation to trade receivables recoveries and impairment testing (including model validation controls); - testing the accuracy and completeness of the Company's TCN calculation as at 30 June 2022, including: ○ related to individually assessed trade receivables that have been selected as risky: ○ reviewing the debtors' historical payment data in order to understand any uncertainties related to payments, significant increases in credit risk or defaults; ○ checking the supporting documentation for cash receipts from debtors after the end of the reporting period Procedures related to collectively valued trade receivables (based on the expected credit loss (ECL) model): - we tested key parameters of the collective impairment model, such as historical information on default rates and their impact on the model, taking into account the Group's own historical credit loss experience, our understanding of the business and current economic trends and expectations; - retrospectively assessing the historical accuracy of management's impairment assumptions and estimates, including loss rates, compared to actual results. Procedures related to the totality of impairment provisions: - critically assessing the reasonableness of the impairment of TCNs, including both the share of gross non-

	performing exposures in the total exposure and the coverage of the impairment of non-performing receivables; - assessing whether the financial statements' disclosures about expected credit losses related to trade receivables are presented in accordance with the requirements of relevant financial reporting standards.

Business combination (in the consolidated financial statements

On 15 July, Linas Agro Group AB completed one of the largest business acquisitions - from the shareholders of AB Kauno grūdai, AB Kaišiadorių paukštynas, AB Vilniaus paukštynas and acquired controlling stakes in these companies and related companies, acting together as KG Group. The purchase price amounted to EUR 73 269 thousand. The business combination is accounted for in accordance with IFRS 3. We refer to Note 3 to the financial statements " Group structure and changes in the Group.

The key audit matter	How the matter was addressed in our audit

The assets, liabilities and contingent liabilities acquired were stated at their fair values which were determined in the course of the purchase price allocation and fair value determination. This results in net assets measured at fair value in the amount of EUR 84,044 thousand.
 	
Management has the discretion to make judgements, estimates and assumptions in allocating the purchase price and determining fair value. Changes in these assumptions could have a significant effect on the purchase price allocation and fair values.
 	
Due to the matter described, we considered the business combination and in particular the purchase price allocation and fair value determination as a key audit matter in our audit.
	Among others, we performed the following audit procedures:
	
	- We have gained knowledge of the management process related to acquisition accounting. We reviewed the underlying documentation, terms and conditions of the transaction and assessed the accounting treatment of the consideration transferred and the assets and liabilities acquired in accordance with IFRS 3 'Business Combinations',
	- we have engaged our valuation specialists to assist us in reviewing the Group's valuations and in assessing the methodology used to determine the assets acquired and liabilities assumed, in particular:
	
	  - the methodologies and key assumptions, such as discount rates, used in the valuation of the acquired business, and a reconciliation of the key inputs used in the fair value measurement,
	  - we assessed the adequacy of disclosures of financial information, including disclosure of key assumptions and estimates. The parameters are reliable and reasonable

Other Information

The other information comprises the information included in the consolidated annual management report, including Corporate Governance Statement, Remuneration Statement and Corporate Social Responsibility Report, but does not include the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the consolidated annual management report, including Corporate Governance Statement and Remuneration Statement, for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements and whether consolidated annual management report, including Corporate Governance Statement and Remuneration Statement, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the separate and consolidated financial statements, in our opinion, in all material respects:

- The information given in the consolidated annual management report, including Corporate Governance Statement and Remuneration Statement, for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- The consolidated annual management report, including Corporate Governance Statement and Remuneration Statement, has been prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Groups of Undertakings of the Republic of Lithuania.

We also need to check that the Corporate Social Responsibility Report [*separate Corporate Social Responsibility Report]* has been provided. If we identify that Corporate Social Responsibility Report [*separate Corporate Social Responsibility Report]* has not been provided, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders‘ meeting we were appointed on 25 October 2019 for the first time to audit the Company‘s and the Group’s separate and consolidated financial statements. Our appointment to audit the Company‘s separate and the Group’s consolidated financial statements was renewed in 2021 under decision of the general shareholders‘ meeting, and the total uninterrupted period of engagement is 4 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the Company and the Group and their Audit Committee on 7 October 2022.

We confirm that in light of our knowledge and belief, we have not provided the Company and the Group with any of the prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 of the European Parliament and the Council.

During the audit, in addition to the audit services disclosed in the separate and consolidated financial statements, we performed the inventory existence verification services to the Company and the Group.

Report on the compliance of format of the separate and consolidated financial statements with the requirements for Eu Single Electronic Reporting Format

We have been engaged based our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of the separate and consolidated financial statements, including annual management report, for the year ended 30 June 2022 (the “Single Electronic Reporting Format of the separate and consolidated financial statements”) presented in the ablinasagrogroup-2022-06-30-lt.zip (ParsePort generated custom code: zTNeZQOcld/v9h8=).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the separate and consolidated financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). The applicable requirements regarding the Single Electronic Reporting Format of the separate and consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the separate and consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The management of the Company is responsible for the application of the Single Electronic Reporting Format of the separate and consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the separate and consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the separate and consolidated financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (the ,,ISAE 3000 (R)”). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the separate and consolidated financial statements is prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the separate and consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the separate and consolidated financial statements, including the preparation of the XHTML format and marking up the separate and consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group’s' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Single Electronic Reporting Format of the separate and consolidated financial statements for the year ended 30 June 2022 complies, in all material respects, with the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor’s report is Rokas Kasperavičius.

On behalf of KPMG Baltics, UAB

ROKAS KASPERAVIČIUS Digitally signed by ROKAS KASPERAVIČIUS
Date: 2022.10.07 21:44:44 +03'00'

Rokas Kasperavičius
Partner
Certified Auditor

Klaipėda, the Republic of Lithuania
7 October 2022