Confirmation of the Responsible Persons

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Bank of Lithuania, we, Darius Zubas, Managing Director of AB Linas Agro Group and Mažvydas Šileika, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, the audited Annual Consolidated Financial Statements of AB Linas Agro Group for the financial year 2020/21, prepared under International Financial Reporting Standards, as adopted by the European Union, give an accurate and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Linas Agro Group and the Group as well. We confirm that the Annual Consolidated Report for the financial year 2020/21 includes a fair review of the business development and activities and the description of the significant risks and indeterminations incurred.

Managing Director of AB Linas Agro Group — Darius Zubas

7 October 2021

Finance Director of AB Linas Agro Group — Mažvydas Šileika

7 October 2021

Consolidated Annual Report of AB Linas Agro Group for the Financial Year 2020/21

For the period, ended 30 June, 2021

Manager's Letter to Shareholders

Dear Shareholders,

This year we are celebrating the thirtieth anniversary of the operation of the first company established by us. Although AB Linas Agro Group was established a few years later, we consider the year 1991 to mark the start of our Group's activity.

We have grown up from a small company run by several employees. It is nice to reminisce all those thirty years, and especially the events that brought us fundamental changes: the first Panamax-type ship loaded in 1999, the start of development of a modern grain elevator network in 2002, and a special year 2010, when we distributed shares on the Nasdaq Vilnius Stock Exchange during the global crisis. In 2013, we turned to food production through the acquisition of the largest poultry farms in Latvia, and, in 2021, after the end of the financial year 2020/2021, we completed the acquisition of a large group of industrial companies acting under the name KG Group. The process took longer than expected as we had to get the approval of competition authorities in all key markets. Each of the steps mentioned above moved us to another league of players, as the scale or geography of our operations expanded with taking up each new activity. Apart from that, there were many other acquisitions that today allow us to create value within the entire food production chain: 'from the field to the table' or from the goods to the farmer to the goods to the consumer.

The financial year 2020/2021 was the best in the last five years. We sold 3.16 million tons of production, which marks an increase by 41%. Our sales revenue grew by 43% to 942 million euro, while gross profit increased by 12% and net profit by 42%.

Revenues from trade in cereals, oilseeds and feed raw materials grew by 62%, business revenues from goods and services to farmers increased by 15%, revenues from agricultural activities increased by 18%, and only the poultry business diminished: the revenue decreased by 3% due to low poultry prices and operations were unprofitable. The global COVID-19 pandemic and the lockdowns hit the poultry business hardest due to the closure of the HORECA sector and a falling demand.

What promoted the growth in all activities was the high grain harvest of 2020, which determined both the increased supply of grain in the Baltic States and the optimism of farmers in purchasing the goods needed for their activities, as well as the record results of our agricultural companies. And although the poultry business has been facing challenges for the second year in a row, we believe that this business will survive the pandemic and show its potential. All the more as having acquired two more poultry farms (after the end of this financial year) we have become a much more capable market player able to offer larger production batches to international buyers.

The return on capital used in our operations increased from 4.77% to 6.54%, which means we use funds more efficiently.

We also hope that the investments we make will help to increase our operational efficiency. One of these, the investment in the expansion of the seed warehouse, will increase the capacity of the seed factory by 37 percent. Our range of goods and services for farmers has been widened also this year by introducing new products for plant care and the fleet of the agricultural machinery offered by us has been expanded with products from new manufacturers, while the highlight of the range of services for farmers was a smart farming system that was launched in the spring and is still perfected based on the actual needs of farmers.

For the second year in a row, we have been renovating dairy farms and investing in milking robots. We strive to achieve an equal efficiency in all our dairy farms. We have already become one of the most efficient milk producers in Lithuania. In 2020, Šakiai District Lukšiai agricultural company became the most efficient milk producer among Lithuanian companies for the second year in a row, while Sidabravas agricultural company managed to maintain the third place.

With the acquisition of grain products manufacturing businesses, we have become much more food production-oriented and closer to the consumer. A new and inspiring stage of activity!

We are starting to integrate the businesses of the KG Group that we have acquired, and the initial experience gives us hope that we will be not only the largest but also the best food production group in the Baltic States.

Kind regards,

Managing Director Darius Zubas

Our vision

New era of sustainable agriculture and nourishing food.

Our mission

Unlock the potential of agriculture and food industry.

Content

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Reporting period of the Annual Report

Financial year of AB Linas Agro Group starts on 1 July of the calendar year and ends on 30 June of the next year, therefore this Consolidated Annual Report has been prepared for 2020/21 financial year, and all the figures are stated as at 30 June 2021 unless it is indicated otherwise.

References and other explanatory notes on the information disclosed in the Report

All the financial data disclosed in this Consolidated Annual Report have been calculated in accordance with the International Financial Reporting Standards as adopted by EU according to audited financial statements.

The auditor of the Company is KPMG Baltics, UAB (code 111494971, Lvovo str. 101, Vilnius, Lithuania). The Group did not buy audit services under separate agreements during the period from 1st July 2020 to 30th June 2021.

In this Report AB Linas Agro Group is referred to as the Company whereas the Company with the controlled entities referred to as the Group.

Contact Person

Finance Director
Mažvydas Šileika
Ph. + 370 619 19 403
Email m.sileika@linasagro.lt

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Information about the Company and the Group

Company name	AB Linas Agro Group
Legal form	Public company
Date and place of registration	27/11/1995 in Panevezys
Code of legal entity	148030011
LEI	529900UB9QON717IL030
VAT identification number	LT480300113
Company register	State Enterprise Centre of Registers (Valstybės įmonė Registrų centras)
Address	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania
Phone	+370 45 50 73 03
E-mail	group@linasagro.lt
Website	www.linasagrogroup.lt
Bank account	LT07 7044 0600 0263 7111, AB SEB bank, bank code 70440
ISIN code	LT0000128092
Ticker in Nasdaq Vilnius	LNA1L

AB Linas Agro Group together with its directly and indirectly controlled companies (hereinafter – subsidiaries) makes the Group, which was founded in 1991 and operates in four countries – Lithuania, Latvia, Estonia, and the Ukraine. The financial year of the Group begins on 1 July. The Company does not have any branches and representative offices.

food products

grain & feedstuff handling & merchandising

agricultural production

products & service for farming

4.1 The Main Activity

The subsidiaries controlled by the Company produce, handle and merchandise agricultural and food products, also provide products and services for farming. The Company performs only the management function and is not involved in any trading or production activities.

The Group's activities are subdivided into main four operating Segments: 'Grain and Feedstuff Handling and Merchandising', 'Products and Services for Farming', 'Agri-cultural Production', 'Food products'. Division into separate Segments is dictated by different types of products and character of related activities; however, activities of the Segments are often interconnected.

The Group is the leading exporter of grains and has own network of grain storage facilities. Also is one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers and agricultural machinery) in Lithuania, has seed processing plant. The Group is a major milk producer in Lithuania and poultry producer in Latvia as well.

4.2 Information about Subsidiaries of the Company

The Company owned 42 companies based in Lithuania, Latvia, Estonia and Ukraine as at June 30, 2021.

The Structural Chart of the effective Stock held by AB Linas Agro Group*

**Dormant companies and the companies undergoing liquidation are not included in the structural chart: UAB Gerera (dormant, 100% shares), UAB Dotnuvos Technika (dormant, 100% shares), UAB Kekava Foods LT (dormant, 97.16% shares), Linas Agro A/S (under liquidation, 100% shares), UAB Zemvaldos Turto Konsultacijos (dormant, 100% shares).*

AB LINAS AGRO GROUP

- **AB Linas Agro** 100%
  - SIA Linas Agro 100%
  - LLC LINAS AGRO UKRAINA 100%
  - Linas Agro OÜ 100%
  - UAB Linas Agro Grūdų Centras 100%
- **UAB Linas Agro Grūdų Centrai** **100%** Participating in reorganization
  - SIA Linas Agro Graudu Centrs 100%
  - UAB Karčemos Bendrovė 100 % Under reorganization
  - UAB KUPIŠKIO GRŪDAI 100 % Under reorganization
- **UAB Linas Agro Konsultacijos** 100%
  - Panevėžys District Aukštadvario ŽŪB 99.54%
  - Šakiai District Lukšių ŽŪB 98.82%
  - Sidabravo ŽŪB 96.25%
  - Biržai District Medeikių ŽŪB 98.39%
  - Kėdainiai District Labūnavos ŽŪB 98.95%
- **Užupės ŽŪB** 100%
  - UAB Paberžėlė 100%
  - **Panevėžys District Žibartonių ŽŪB** 99.90%
    - Kėdainiai District ŽŪB Nemunas 67.44%
- UAB Landvesta 1-6 100% 6 companies
- UAB Lineliai 100%
- UAB Noreikiškės 100%
- UAB Jungtinė Ekspedicija 100%
- **UAB Dotnuva Baltic** 100%
  - SIA Dotnuva Baltic 100%
  - AS Dotnuva Baltic 100%
  - UAB Geoface 100%
- **AS Putnu Fabrika Kekava** 97.16%
  - SIA PFK TRADER 97.16%
- SIA Cerova 100%
- SIA Broileks 100%
- SIA Lielzeltini 100%

4.2.1 Shareholding Structure of the Companies

As at 30 June 2021, AB Linas Agro Group controlled, either directly or indirectly, the following companies *:

**Dormant companies and the companies under liquidation are not included: UAB Gerera (dormant, 100% shares owned by AB Linas Agro), UAB Dotnuvos Technika (dormant, 100% shares owned by UAB Dotnuva Baltic), Linas Agro A/S (under liquidation, 100% shares owned by AB Linas Agro,) UAB Kekava Foods LT (dormant, 100% shares owned by SIA PFK Trader), and UAB Zemvaldos Turto Konsultacijos (dormant, 100% shares owned by AB Linas Agro Group).*

Company	Status	Stock, owned directly by AB Linas Agro Group	Other stockholders	Share of the stock held by the Group
AB Linas Agro	Subsidiary	100%		100%
UAB Dotnuva Baltic	Subsidiary	100%		100%
UAB Jungtinė Ekspedicija	Subsidiary	100%		100%
SIA Lielzeltini	Subsidiary	100%		100%
SIA Cerova	Subsidiary	100%		100%
SIA Broileks	Subsidiary	100%		100%
UAB Lineliai	Subsidiary	100%		100%
UAB Linas Agro Konsultacijos	Subsidiary	100%		100%
UAB Noreikiškės	Subsidiary	99.96%	UAB Linas Agro Konsultacijos owns 0.04% stock.	100%
UAB Landvesta 2	Subsidiary	76.97%	AB Linas Agro owns 23.03% stock.	100%
UAB Landvesta 1	Subsidiary	76.47%	AB Linas Agro owns 23.53% stock.	100%
UAB Landvesta 5	Subsidiary	67.92%	AB Linas Agro owns 32.08% stock.	100%
AS Putnu Fabrika Kekava	Subsidiary	60.87%	SIA Lielzeltini owns 36.29% stock.	97.16%
UAB Linas Agro Grūdų centrai	Subsidiary	60.94%	AB Linas Agro owns 39.05% stock, UAB Linas Agro Grūdų Centras - 0.01% stock.	100%
UAB Landvesta 4	Subsidiary	26.42%	AB Linas Agro owns 73.58% stock.	100%
UAB Landvesta 6	Subsidiary	15.51%	AB Linas Agro owns 84.49% stock.	100%

Company	Status	Stock, owned directly by AB Linas Agro Group	Other stockholders	Share of the stock held by the Group
UAB Landvesta 3	Subsidiary	13.91%	AB Linas Agro owns 86.09 % stock.	100%
Užupės ŽŪB	Subsidiary	0.05%	UAB Linas Agro Konsultacijos owns 99.95% stock.	100%
Panevėžys District Žibartonių ŽŪB	Subsidiary	0.047%	UAB Linas Agro Konsultacijos owns 49.028% stock, Užupės ŽŪB owns 50.826% stock.	99.90%
SIA Linas Agro Graudu centrs	Subsidiary		UAB Linas Agro Grūdų Centrai owns 100% stock.	100%
Panevėžys District Aukštadvario ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 99.54% stock.	99.54%
Sidabravo ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 96.25% stock.	96.25%
Šakiai District Lukšių ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 98.82% stock.	98.82%
Biržai District Medeikių ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 98.33% stock, Kėdainiai District Labūnavos ŽŪB – 0.06% stock.	98.39%
Kėdainiai District Labūnavos ŽŪB	Subsidiary		UAB Linas Agro Konsultacijos owns 98.95% stock.	98.95%
Kėdainiai District ŽŪB Nemunas	Subsidiary		Panevėžys District Žibartonių ŽŪB owns 66.68% stock, UAB Linas Agro Konsultacijos - 0.831%.	67.44%
LLC LINAS AGRO UKRAINE	Subsidiary		AB Linas Agro owns 100% stock.	100%
SIA Linas Agro	Subsidiary		AB Linas Agro owns 100% stock.	100%
UAB Linas Agro Grūdų Centras	Subsidiary		AB Linas Agro owns 100% stock.	100%
SIA Dotnuva Baltic	Subsidiary		UAB Dotnuva Baltic owns 100% stock.	100%
AS Dotnuva Baltic	Subsidiary		UAB Dotnuva Baltic owns 100% stock.	100%
SIA PFK Trader	Subsidiary		AS Putnu Fabrika Kekava owns 100% stock.	97.16%
UAB Paberžėlė	Subsidiary		Užupės ŽŪB owns 100% stock.	100%
UAB KUPIŠKIO GRŪDAI	Subsidiary		UAB Linas Agro Grūdų Centrai owns 100% stock.	100%
UAB Karčemos Bendrovė	Subsidiary		UAB Linas Agro Grūdų Centrai owns 100% stock.	100%
UAB Geoface	Subsidiary		UAB Dotnuva Baltic owns 100% shares.	100%
Linas Agro OŨ	Subsidiary		AB Linas Agro owns 100% shares.	100%

4.2.2 Activities and Contact Data of the Companies of the Group *

**Dormant companies and companies under liquidation are not included:*

1. *UAB Gerera, private limited liability company, founded 15/1/1993, code of legal entity 147676584, address Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras);*
2. *UAB Dotnuvos Technika, private limited liability company, founded 25/6/1998, code of legal entity 161452398, address Parko St. 6, Akademija, LT-58351 Kėdainiai District, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras);.*
3. *Linas Agro A/S, private limited liability company under liquidation, founded 15/3/1994, code of legal entity CVR 17689037, address Vinkel Allé 1, DK-9000 Aalborg, Denmark, register of the company – Danish Commerce and Companies Agency;*
4. *UAB Kekava Foods LT, private limited liability company, founded 8/3/2018, code of legal entity 304784428, address Subačiaus g. 5, lt-01302 Vilnius, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras);*
5. *UAB Zemvaldos Turto Konsultacijos, private limited liability company, founded 3/6/2020, code of legal entity 305564449, address V. Nagevičiaus St. 3, LT-08237 Vilnius, Lithuania, company register – State Enterprise Centre of Registers (Valstybės įmonė Registrų centras).*

Subsidiaries in Lithuania

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
AB Linas Agro	Wholesale trade of grains, oilseeds, feedstuffs, and agricultural inputs supply	8/7/1991, Code of legal entity 1473 28026, public limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C-3, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 333 Fax +370 45 507 444 E-mail info@linasagro.lt www.linasagro.lt
UAB Dotnuva Baltic	Sale of agricultural machinery, equipment for grain elevators and farms, seeds production	5/3/1996, Code of legal entity 261415970, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Parko St. 6, Akademija, 58351 Kėdainiai district, Lithuania Ph. +370 347 370 30 Fax +370 347 370 40 E-mail info@dotnuvabaltic.lt www.dotnuvabaltic.lt
UAB Linas Agro Grūdų Centrai	Grain processing and storage	10/7/2002, Code of legal entity 148451131, limited partnership, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 343 Fax +370 45 507 344 E-mail grudu.centras@linasagro.lt

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
UAB Linas Agro Grūdų Centras	Management services	5/7/2002, Code of legal entity 148450944, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C-3, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 365 Fax +370 45 507 344 E-mail grudai@linasagro.lt
UAB KUPIŠKIO GRŪDAI	Grain processing and storage	8/4/1999, Code of legal entity 160189745, co-operative society, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Technikos St. 6, LT-40122 Kupiškis, Lithuania Ph./Fax +370 459 529 16 E-mail info@kupiskiogrudai.lt
UAB Karčemos Bendrovė	Grain processing and storage	9/3/2010, Code of legal entity 302487798, co-operative society, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Šiaulių St. 72, Gustonys vill. LT-38355 Panevėžys district, Lithuania Ph. +370 45 454 051 Fax +370 45 454 054 E-mail priemimas@karcemoskb.lt
UAB Jungtinė Ekspedicija	Logistics and forwarding services	17/2/1998, Code of legal entity 141642963, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Nemuno g. 2A, LT-91199 Klaipėda, Lithuania Ph. +370 46 310 163 Fax +370 46 312 529 E-mail info@je.lt www.je.lt
UAB Linas Agro Konsultacijos	Management of subsidiary farming companies	23/6/2003, Code of legal entity 248520920, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibuoklių St. 20, LT-57128 Kėdainiai, Lithuania Ph. +370 686 53 692 E-mail konsultavimas@linasagro.lt
Biržai District Medeikių ŽŪB	Growing and sale of crop	5/10/1992, Code of legal entity 154771488, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Biržų St.32, Medeikių vill., LT-41462 Biržai district, Lithuania Ph. +370 450 584 22 Fax +370 450 584 12 E-mail medeikiai@linasagro.lt
Panevėžys District Aukštadvario ŽŪB	Mixed agricultural activities	9/3/1993, Code of legal entity 168573274, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pirties St. 3, Aukštadvario vill. LT-38255 Panevėžys district, Lithuania Ph./fax +370 45 592 651 E-mail aukstadvaris@linasagro.lt
Sidabravo ŽŪB	Mixed agricultural activities	20/4/1993, Code of legal entity 171331516, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Pergalės St. 1A, Sidabravas, LT-82251 Radviliškis district, Lithuania Ph. +370 422 477 27 Fax +370 422 476 18 E-mail sidabravas@linasagro.lt
Panevėžys District Žibartonių ŽŪB	Mixed agricultural activities	22/5/1992, Code of legal entity 168521815, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 74, Žibartoniai vill., LT-78323 Panevėžys district, Lithuania Ph. +370 45 557 444 Fax +370 45 557 486 E-mail zibartoniai@linasagro.lt

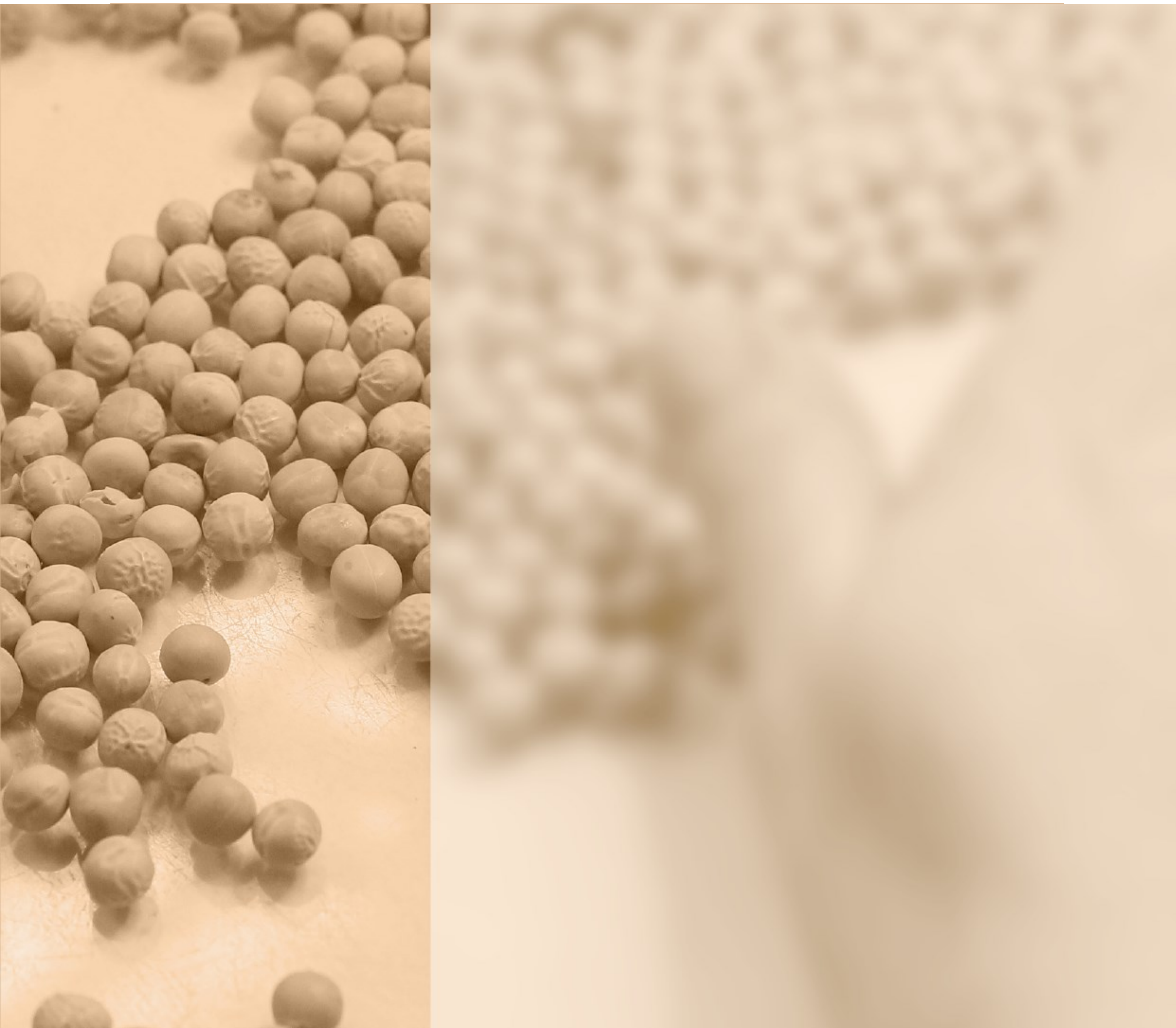
Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
Šakiai District Lukšių ŽŪB	Mixed agricultural activities	30/10/1992, Code of legal entity 174317183, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Lukšių vill. 2, LT-71176 Šakiai district, Lithuania Ph. +370 345 442 88 Fax +370 345 442 25 E-mail luksiai@linasagro.lt
Kėdainiai District Labūnavos ŽŪB	Mixed agricultural activities	25/2/1992, Code of legal entity 161228959, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Serbinų St. 19, Labūnava vill. LT-58173 Kėdainiai district, Lithuania Ph. + 370 347 34 180 Fax + 370 347 34 180 E-mail labunava@linasagro.lt
Kėdainiai District ŽŪB Nemunas	Mixed agricultural activities	21/10/1992, Code of legal entity 161268868, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 74, Žibartoniai vill., LT-78323 Panevėžys district, Lithuania Ph. +370 45 557 444 E-mail nemunas@linasagro.lt
UAB Landvesta 1	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501060, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 E-mail info@landvesta.lt
UAB Landvesta 2	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501085, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 E-mail info@landvesta.lt
UAB Landvesta 3	Rent and management of agricultural purposes land	21/10/2005, Code of legal entity 300501092, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 E-mail info@landvesta.lt
UAB Landvesta 4	Rent and management of agricultural purposes land	23/04/2007, Code of legal entity 300709428, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania Ph. +370 45 507 406 E-mail info@landvesta.lt
UAB Landvesta 5	Rent and management of agricultural purposes land	16/8/2007, Code of legal entity 301019661, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 E-mail info@landvesta.lt
UAB Landvesta 6	Rent and management of agricultural purposes land	14/1/2008, Code of legal entity 301520074, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 E-mail info@landvesta.lt

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
UAB Noreikiškės	Rent and management of agricultural purposes land	16/8/2012, Code of legal entity 302841649, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Žibartonių St. 70, Žibartoniai vill. LT-38323 Panevėžys district, Lithuania Ph. +370 45 507 406 E-mail noreikiskes@linasagro.lt
Užupės ŽŪB	Mixed agricultural activities	6/4/2011, Code of legal entity 302612561, agricultural company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Liaudės St. 81, Užupės vill. LT-58311 Kėdainiai district, Lithuania Ph. +370 698 58583 E-mail uzupe@linasagro.lt
UAB Paberžėlė	Rent and management of agricultural purposes land	30/6/2008, Code of legal entity 301772627, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Liaudės St. 81, Užupės vill., LT-58311 Kėdainiai district, Lithuania Ph. +370 698 58583 E-mail paberzele@linasagro.lt
UAB Lineliai	Rent and management of agricultural purposes land	9/3/2012, Code of legal entity 302740714, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Smėlynės St. 2C-3, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail lineliai@linasagro.lt
UAB Geoface	Software developing	12/03/2018, Code of legal entity 304781617, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Karaliaus Mindaugo per. 37 LT-44307 Kaunas, Lithuania Ph. +370 676 99 244 Email info@geoface.com

Subsidiaries operating in foreign Countries

Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
SIA Linas Agro	Wholesale trade of grains and oilseeds, agricultural inputs supply	23/4/2003, Code of legal entity 53603019011, Register of Enterprises of the Republic of Latvia	'Baltijas Ceļš', Brankas, Cenu District, Jelgava municipality, LV-3043, Latvia Ph. +371 630 840 24 Fax +371 630 842 24 E-mail info@linasagro.lv www.linasagro.lv
SIA Linas Agro Graudu Centrs	Grain processing and storage	2/5/2013, Code of legal entity 43603059101, Register of Enterprises of the Republic of Latvia	Jaunsalieši, LV-5202 Jekabpils, Latvia Ph. +371 220 001 82 E-mail graudu.centrs@linasagro.lv
LLC LINAS AGRO UKRAINE	Representative office	30/07/2018, Code of legal entity 42340549, The United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine	Verhniy Val St. 28, Kiev, 04071, Ukraine Ph. + 380 96 634 24 02 E-mail info.ukraine@linasagro.lt
SIA Dotnuva Baltic	Sale of agricultural machinery and equipment for grain elevators	26/04/2010, Code of legal entity 43603041881, Register of Enterprises of the Republic of Latvia	'Baltijas Ceļš', Brankas, Cenu District, Jelgava municipality, LV-3043, Latvia Ph. +371 679 131 61 Fax +371 677 602 52 E-mail info@dotnuvabaltic.lv www.dotnuvabaltic.lv
AS Dotnuva Baltic	Sale of agricultural machinery and equipment for grain elevators	11/11/2010, Code of legal entity 12019737, Commercial Register	Savimäe 7, Vahi 60534, Tartu district, Estonia Ph. +372 661 2800 Fax +372 661 8004 E-mail info@dotnuvabaltic.ee www.dotnuvabaltic.ee
AS Putnu Fabrika Kekava	Poultry farming, production and marketing of poultry and poultry products	11/6/1991, Code of legal entity 50003007411, Register of Enterprises of the Republic of Latvia	Kekava, Kekava district, LV-2123 Latvia Ph. +371 6787 4000 Fax +371 6787 4001 E-mail info@pfkekava.lv www.vistas.lv
SIA PFK TRADER	Food retail	26/8/2013, Code of legal entity 40103703853, Register of Enterprises of the Republic of Latvia	Kekava, Kekava district, LV-2123 Latvia Ph. +371 6787 4000 Fax +371 6787 4001 E-mail info@pfkekava.lv www.vistas.lv
SIA Lielzeltini	Poultry farming, production and marketing of poultry and poultry products, feed production	7/7/1994, Code of legal entity 40003205232, Register of Enterprises of the Republic of Latvia	"Mazzeltini", Janeikas, Bauskas district, Latvia Ph. +371 6396 0770 Fax +371 6396 0768 E-mail lielzeltini@lielzeltini.lv www.lielzeltini.lv

Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
SIA Broileks	Chicken breeding and sale	7/12/2009, Code of legal entity 50103262981, Register of Enterprises of the Republic of Latvia	Gaismas St. 2A-48, Kekava LV-2123, Latvia Ph./Fax +371 67313182
SIA Cerova	Egg incubation and chicken sale	8/10/2003, Code of legal entity 43603019946, Register of Enterprises of the Republic of Latvia	Centra St. 11, Musa, Bauskas district, Latvia Ph. +371 2633 4110 Fax +371 6392 6234 E-mail cerova@latnet.lv
Linas Agro OU	Products for crop growing	8/10/2020, Code of legal entity 16071924, Commercial Register	Savimae 7, Vahi 60534, Tartu region, Estonia Ph. +372 6602810 Email info@linasagro.ee

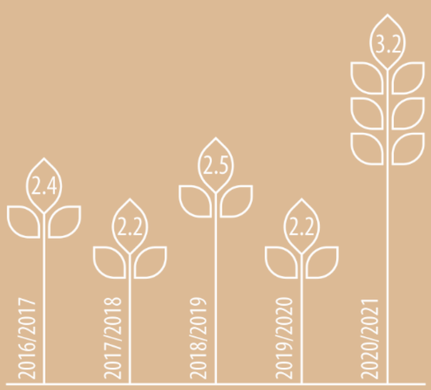


5 Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in 2020/21 financial year totaled EUR 942 million and increased by 43% as compared to previous year (EUR 658 million).

- The Group's sales volume reached 3.16 million tons of various grains and agricultural inputs and increased by 41% as compared to previous year (2.23 million tons).

Sales revenue, EUR million



Sales volume in million tons

Gross profit, EUR million

Operating profit, EUR million

EBITDA , EUR million

Net profit, EUR million

- The gross profit reached EUR 51 million and was 12% higher than a year before (EUR 46 million).

- The Group's operating profit was EUR 20 million or 32% more as compared to the respective period of the previous year (EUR 15 million).

- Consolidated EBITDA was 29% higher and amounted to EUR 34 million as compared to the previous year (EUR 26 million).

- Profit before taxes amounted to EUR 16.8 million (compared to EUR 11.9 million in previous year).

- The net profit stood at EUR 14.2 million (EUR 10 million in previous year).

5.1 Financial Indicators

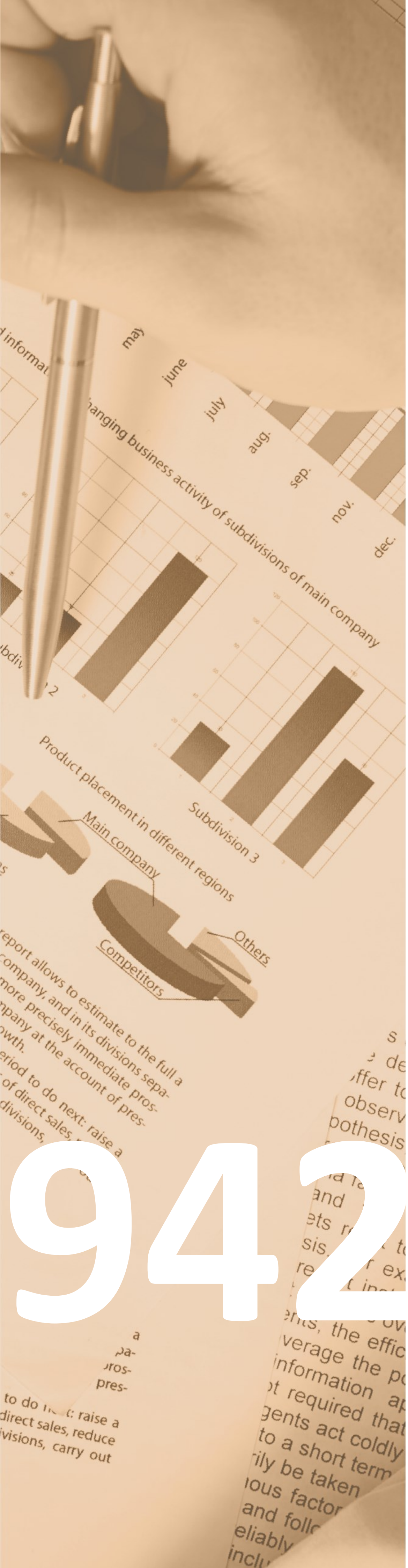
	2017/18	2018/19	2019/20	2020/21	Change 2020/21 compared to 2019/20 (thousand EUR)	Change 2020/21 compared to 2019/20 (%)
Sales revenue (thousand EUR)	634,423	742,542	657,700	942,442	284,742	43
Sales in tons	2,206,745	2,529,711	2,233,808	3,155,329	921,521	41
Gross profit (thousand EUR)	45,848	28,871	45,664	51,201	5,537	12
EBITDA (thousand EUR)	20,300	5,578	25,923*	33,526*	7,603	29
EBITDA (thousand EUR) (excluding the impact of IFRS 16)	20,410	5,578	23,860	29,392	5,532	23
Operating profit (thousand EUR)	9,597	(3,336)	14,827	19,592	4,765	32
Earnings before taxes EBT (thousand EUR)	7,523	(6,430)	11,931	16,797	4,866	41
Net profit (thousand EUR)	9,463	(4,830)	10,004	14,189	4,185	42
Margins, %						
Gross profit margin	7.23	3.89	6.94	5.43	(1.51)	(22)
EBITDA margin	3.02	0.75	3.94	3.56	(0.38)	(10)
EBITDA margin (excluding the impact of IFRS 16)	3.22	0.75	3.63	3.12	(0.51)	(14)
Operating profit margin	1.51	(0.45)	2.25	2.08	(0.18)	(8)
Earnings before taxes margin	1.19	(0.86)	1.81	1.78	(0.03)	(2)
Net profit margin	1.49	(0.65)	1.52	1.51	(0.02)	(1)
Solvency ratios						
Current ratio	1.38	1.26	1.31	1.44	0.13	10
Debt / Equity ratio	1.26	1.30	1.24	1.15	(0.09)	(7)
Net financial debt / EBITDA	7.02	25.54	5.38	3.22	(2.16)	(40)
Return on equity (ROE), %	5.34	(2.84)	5.52	7.23	1.71	31
Return on capital employed (ROCE), %	2.90	(1.04)	4.77	6.54	1.77	37
Return on assets (ROA), %	2.36	(1.23)	2.47	3.37	0.90	37
Basic and diluted earnings per share (EPS)	0.06	(0.03)	0.06	0.09	0.03	45
Price earnings ratio (P/E)	12.34	(20.83)	9.37	9.19	(0.19)	(2)

	2017/18	2018/19	2019/20	2020/21	Change 2020/21 compared to 2019/20 (thousand EUR)	Change 2020/21 compared to 2019/20 (%)
Dividends for the financial year paid per share, in euros	0,0185	-	-		-	-
Dividends paid within financial year to net profit of the previous financial year,%	31,1	-	-	-	-	-

** The depreciation of biological assets (crops), totalling 2,186 thousand euros, accounted for in the cost of biological assets (crops) sold during the reporting period and related to the previous reporting period was also not included. The effect of such depreciation was not significant for comparable periods.*

Explanation of terms

EBITDA	Equals operating profit before depreciation, amortization and impairment losses.
Operating profit (EBIT)	Equals profit before net from investments and finance activities, and income tax.
Earnings before taxes (EBT)	Equals profit before income tax.
Profit margin of the period	Profit of the period expressed as a percentage of total revenue.
Net financial debt	Non-current, current liabilities to financial institutions and lease liabilities less cash and cash equivalent.
Capital employed	Shareholders' equity plus non-current and current liabilities to financial institutions.
Current ratio	Current assets divided by current liabilities.
Debt to equity ratio	Non-current and current borrowings as a percentage of Shareholders' equity.
Return on Equity (ROE), %	Net profit for the period as a percentage of average Shareholders' equity for the period.
Return on capital employed (ROCE), %	Operating profit (EBIT) for the period expressed as a percentage of capital employed for the period. The value of the denominator is calculated as the sum of equity, long-term and short-term loans as well as leasing liabilities not related to right of use assets.
Return on assets (ROA), %	Net profit for the period expressed as a percentage of total assets for the period. Calculated at the end of the financial year.
Price earnings ratio (P/E)	Closing Company's share price at Nasdaq Vilnius stock exchange at the end of reporting period divide by rolling 12 months' earnings per share.



5.2 Overview

According to the preliminary data of International Grains Council (IGC) published on 2021 September 23, the world grain production accounted for 2.213 million tons in 2020/2021 or 26 million tons more as compared to the figures of 2019/2020. However, with consumption significantly outpacing crop growth (35 million tons higher than in 2019/2020), world cereal stocks stood at just 598 million tons at the end of the 2020/2021 harvest year, capturing the lowest level of stocks over the last five years and maintaining the persistence of high price sentiment. Within April - June 2021, the world cereal prices were EUR 24-25 higher than last year. For example, wheat futures prices for September lots on the Euronext exchange fluctuated around 211-212 euros per ton, compared to 187-188 euros per ton a year ago. A clear upward trend in prices was observed throughout the whole reference period 2020/2021, when comparing Euronext exchange average wheat futures prices on different lots, they fluctuated around EUR 184 in 2019/2020 and around EUR 210 in 2020/2021.

2020/2021 was marked as the year of record high harvest of various grain and rapeseed in all the Baltic countries. According to the data of the Lithuanian Department of Statistics, about 6.5 million tons of cereals or 25% more than previous year was collected in the country, harvest of the pulses and rapeseed increased by 31% and 40% accordingly (or up to 0.4 million tons and up to almost 1 million tons respectively). In Latvia, 3.5 million tons of grain and 0.45 million tons of rapeseed were grown (both 11% more than last year). According to preliminary data in Estonia, 1.6 million tons of grain and 0.2 million tons of rapeseed was harvested, being respectively 0.5% and 6% more than last year.

The total amount of products sold by AB Linas Agro Group increased by 41% during the reporting period and amounted to 3.155 million tons, as compared to 2.234 million tons in previous year.

Group's consolidated revenue amounted to EUR 942 million during the reporting period and was 43% more as compared to previous year (EUR 658 million). Positively impacted by the record harvest, revenue of the largest Group's business Segment 'Grain and Feedstuff Handling and Merchandising' stepped up by 62%. 15% sales income incline in business Segment 'Products and Services for Farming' was mostly gained thanks to agricultural machinery and plant care products, micronutrients sales, being respectively 32% and 25% higher. With continuing COVID-19 pandemic restrictions, the revenue from business Segment

'Food products' had 3% decrease and amounted to EUR 72 million.

Due to the higher yields the crop production in Group controlled farms was 30% higher as compared to previous year, the revenue went up 18% to EUR 33 million.

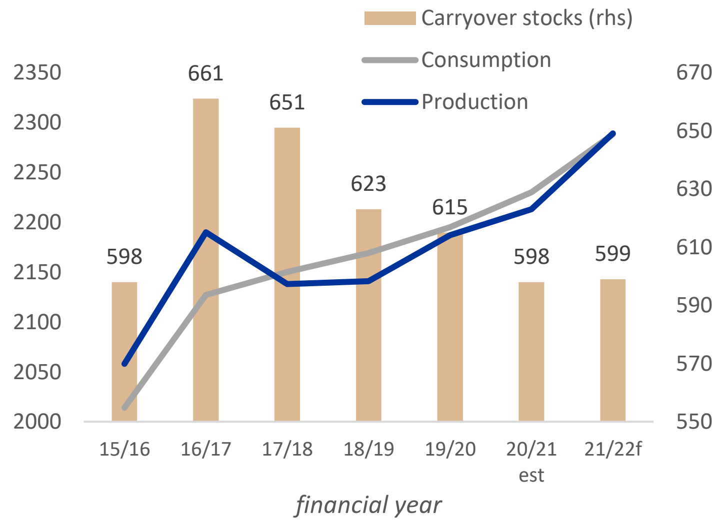
Group's operating profit amounted to EUR 20 million and EBITDA was EUR 34 million compared to the corresponding EUR 15 million and EUR 26 million in previous year.

Group's net profit amounted to EUR 14.2 million as compared to EUR 10 million in corresponding period of 2019/20 financial year.

According to the International Grains Council (IGC), the global cereal harvest for 2021/2022 is forecast to be even higher and should reach as much as 2,289 million tons (76 million tons more than in 2020/2021), the most significant impact on growth expecting from 82 million tons higher than last year corn harvest. These are already somewhat relaxed projections adjusted in response to difficult climatic conditions in the territories of major grain exporters. "Sun-baked" U.S. spring wheat fields have been hit hard by the drought, neighboring Canada, parts of South America, and Russia have also been plagued by prolonged droughts.

Although European wheat production is expected to increase this year, in part of the continent harvest forecast has been revised due to rainfall as well; it is not ruled out that, due to poorer quality indicators, part of the harvested grain will not meet the criteria for human consumption and will be more suitable for feed. Despite the complicated weather-adjusted forecasts, the harvest expectation for 2021/2022 still remains higher than within the reporting year. On the other hand, due to the persistent assumptions for significant consumption, 2021/2022 is expected to end recording the same global grain stocks level as for 2020/2021.

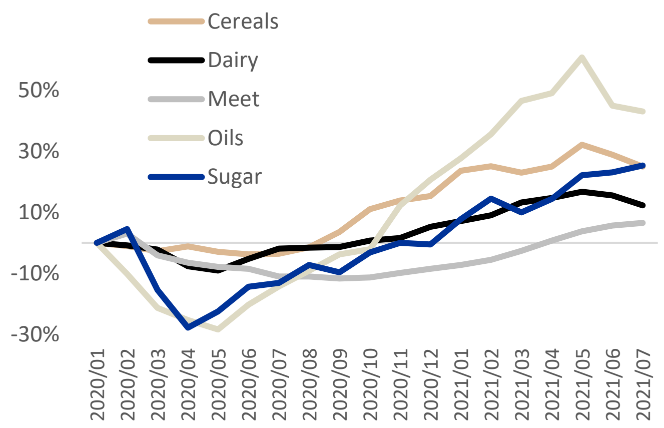
Wheat and coarse grains, million tons



International Grains Council (IGC) data

The accelerating vaccination of COVID-19, the gradual recovery of the global economy, as well as overall growing population and improving living standards in developing countries, present the basis for continuing animal protein demand and the consequent demand for feed grains in the long-term perspective. Meanwhile in the short-term perspective, an extra catalyst to the above factors remains from 2020 onwards, increased Chinese purchases rebuilding hog herds after the African swine fever outbreak in the country since 2019. Moreover, the recovery in fuel demand also contributes to the potential demand for the maize-based ethanol component, as well as the potential demand for oilseeds, which are a component of biofuels.

Change in Global food prices



Data: Food and Agriculture Organisation of the United Nations

It is expected that, at least in the short term, the divergence between supply and demand, dictated by strong global demand and less optimistic indications for the coming harvest in 2021/2022, will continue to be reflected in prices. Assessing the prospects of the Baltic harvest in 2021/2022 on the day of publishing this report, it is counted on that it is the high price factor that will help alleviate the expectations of a poorer harvest. However, with the persistence of higher prices for raw materials, fertilizers and other components, farmers and agricultural companies are likely to face the challenge of maintaining profitability of the reporting year.

It is likely that the growing cost line will translate into more cautious investment, both in purchasing more expensive equipment and in planning the costs of plant protection products and fertilizers. Despite recovering poultry prices in Europe at the beginning of the year 2021, the prices of feedstuff used for chicken feed, packaging materials, electricity and fuel also remain high, suggesting significant efforts will be required to restore profitability of poultry companies as well.

The Group founded a trading company in Estonia, Linas Agro OŰ, with the aim of strengthening the trade in certified seed and further proceeding with sales of other agricultural inputs.

The Group is merging all elevator management companies in Lithuania into one legal entity. The merger is scheduled to take place during next financial year.

On the 1st of October 2020, AB Linas Agro Group signed share purchase and sale agreements with the shareholders of AB Kauno Grūdai, AB Kaišiadorių Paukštynas, and AB Vilniaus Paukštynas, intending to acquire the block stock of shares of these and related companies. The transaction required the permission of the Competition Councils in all the key geographies; the last permission of the Competition Council of the Republic of Lithuania was received on July 5, 2021. On the day of publication of this Report the acquisition transaction is closed.

5.3 Cash Flow and Liquidity

The objective of the Group is to have sufficient financial resources, maintain high liquidity level, a good quality balance sheet, have sufficient flexibility and space in borrowing, and be able to meet the Groups' working capital and investment needs.

As of the balance sheet date the Group had EUR 18 million in cash and cash equivalents (EUR 9.5 million in FY 2019/20), its current solvency ratio was 1.4. The debt and equity ratio (total liabilities / total equity) was 1.1 (1.2 last year).

The Group's net debt and the consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) ratio decreased from 5.4 to 3.2, illustrating both – 29% higher EBITDA and 23% declined net financial debt. The Group's financial loans portfolio at the end of the financial year 2020/2021 was EUR 126 million or EUR 98 million if not taking into account leasing obligations related with right of use assets (respectively EUR 149 million and EUR 130 million at the end of the financial year 2019/2020). Financial debt, out of which 50% is short term loans used for working capital financing, have mainly decreased due to higher account payables at the end of the financial year 2020/2021 (EUR 21 million increase).

Due to more efficient borrowing utilization financial expenses decreased by 4% over referenced period and amounted to EUR 3.6 million compared to that in 2019/20 financial year (EUR 3.7 million).

Group's cash flow from operating activities before the changes in the working capital was positive and amounted to EUR 26 million as compared to positive EUR 20 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was positive and amounted to EUR 43 million (EUR 39 million over the respective period of 2019/20 financial year). The Group's cash flows from investing activities were positive and amounted to almost EUR 6 million (negative EUR 6 million in the previous financial year).

AB Linas Agro Group is fully able to finance its main and investment activities. The Group mainly finances its working capital and long-term investments at four major banks - AB SEB Bank, ABN AMRO Bank N.V., Swedbank AB and Luminor bank AS. The overall credit line held in these banks exceeds EUR 148 million.

5.4 Investments

AB Linas Agro Group and its subsidiaries have invested EUR 12 million over the reporting period. Major investments by character:

Investment object	Investment amount, thousand EUR
Grain and Feedstuff Handling and Merchandising	615
Products and Services for Farming	5,937
Agricultural Production	3,065
Food products	2,471
Not allocated to any segment	8

Key investments during the reporting period were directed towards the construction of a modern seed warehouse in Kėdainiai district aiming to increase the capacity of the existing seed factory, renovation of poultry slaughterhouse equipment and premises, as well as poultryhouses, major renovations of cowsheds in some dairy farms, crop maintenance and harvesting equipment.

5.5. Performance Results of the Segments

Activities of the Group are divided into four main operating Segments and other minor non-regular activities that cannot be attributed to any of the major Segments:

1. Grain and Feedstuff Handling and Merchandising;
2. Products and Services for Farming;
3. Agricultural Production;
4. Food products;
5. Other.

Operating Profit (loss) by Segments, thousand euro

	2020/21	2019/20	2018/19	2017/18	2016/17
Grain and Feedstuff Handling and Merchandising	6,053	6,225	(8,640)	3,984	7,989
Products and Services for Farming	8,758	3,555	2,950	5,657	3,806
Agricultural Production	11,433	6,358	3,230	3,146	3,329
Food products	(2,040)	2,183	2,431	3,904	1,545
Other	(75)	-	471	(92)	(196)

Grain and Feedstuff Handling and Merchandising

This business Segment includes the sale of grain, oilseeds and feedstuffs, as well as grain storage and logistic services.

'Grain' means wheat, barley, corn and some other types of grain. A large part of the activity in this Segment consists of selling grain grown in Lithuania and Latvia.

'Oilseeds' means rapeseed, sunflower and flax seeds.

'Feedstuffs' means sale of food industry's secondary products (such as sunflower cake, sunflower meal, rapeseed cake, soy meal, sugar beet pellets, etc.). 'Feedstuffs' also includes other feed-related products, such as soybeans and vegetable oils.

This Segment also includes handling of the grain for the export in elevators (cleaning, drying, storage, reloading) and logistic services.

Start of operation	1991
Operating companies	Companies in Lithuania: AB Linas Agro UAB Linas Agro Grūdų Centras Participating in reorganization UAB Linas Agro Grūdų Centrai Under reorganization UAB KUPIŠKIO GRŪDAI Under reorganization UAB Karčemos Bendrovė UAB Jungtinė Ekspedicija Companies in Latvia: SIA Linas Agro SIA Linas Agro Graudu Centrs Company in Ukraine: LLC LINAS AGRO UKRAINE
Activity	Grain storage and logistic services Grain, oilseeds, and feedstuffs trading
Share of revenue in Group'sportfolio (average of results within last 5 years)	67%
Infrastructure at the end of the reporting period	340 ktons storage capacity for various grains and other agricultural commodities in Lithuania and Latvia, as well as 305 ktons storage capacity at Lithuanian and Latvian ports.
Certificates	The company AB Linas Agro is the holder of the certificates of GTP (European Good Trading Practice) and GMP+ (European Good Manufacturing Practice), also holds the certificates in trade of organic plant production issued by the PE Ekoagros and ISCC (International Sustainability and Carbon certification). SIA Linas is also ISCC certified.

Grain storage and logistic services

The combined grain and rapeseed harvest in Lithuania and Latvia in 2020 amounted to 12 million tons. Thanks to the high yield, Group's elevators in Lithuania and Latvia have collected record quantities of grain during the reporting period (661 thousand tons or 63% more than in the same period last year), out of which 63% was wheat, 17% rapeseed, 12% barley.

Grain, oilseeds and feedstuffs trading

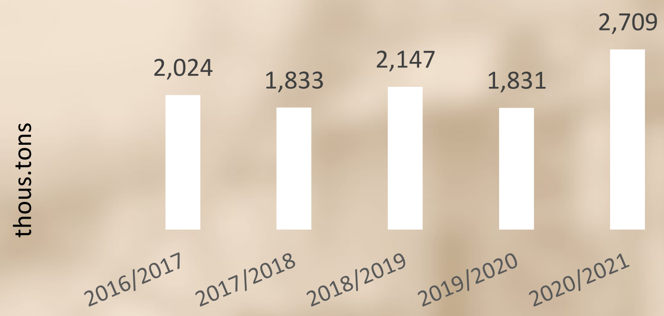
During the reporting period the amount of grain and oilseeds sold by the companies of the Group reached 2.3 million tons (58% more than in the same period last year), while the main export product remained Lithuanian and Latvian wheat. Despite record sales, trading was hampered by record price volatility, with some participants on exchange using rising commodity prices as a hedge against rising inflation and actively trading futures; meanwhile, the demand for and liquidity of physical wheat lots was significantly lower over time due to the slowdown in consumption associated with the COVID-19 pandemic.

Feedstuff sales volume was 423 thousand tons or 10% more than in previous year. During the reporting period, prices of feedstuffs continued to rise, supported by the disproportion between supply and demand. Continued sensitivity to weather forecasts, declining global grain and agricultural commodity stocks, as well as already since 2020 intensified purchasing from China, were the factors determining continuing rise in the price of feedstuff in the global market. Respectively due to high prices and its ongoing volatility, the Group had to deal with non-deliveries by some of the suppliers, yet the ability to reorient to other markets ensured minimization of losses and even allowed profit generation.

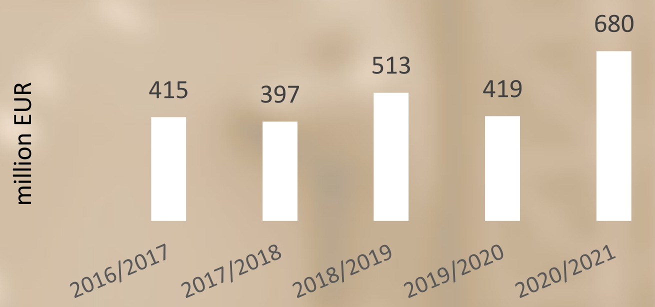
Revenue of the operating segment increased by 62% during the year up to EUR 680 million, mostly because of higher sales volumes and market prices. Operating profit amounted to EUR 6.05 million, compared to EUR 6.23 million profit for the financial year 2019/2020. It should be noted that decrease in profitability was significantly affected by EUR 0.6 million derivatives loss.

Group's management projected annual operating profit for the segment to be 10% higher compared to previous year, however due to high price volatility and non-deliveries by some of suppliers trading was hampered and consequently led to operating profit being almost 3% lower than in previous year.

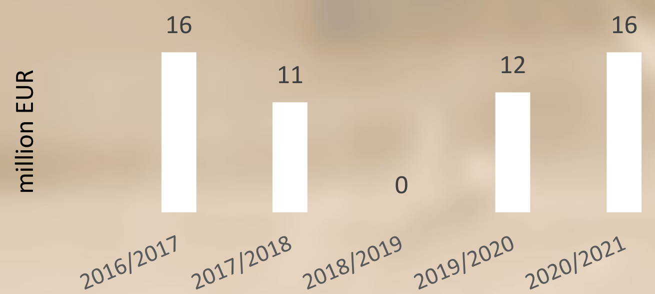
Sales volume



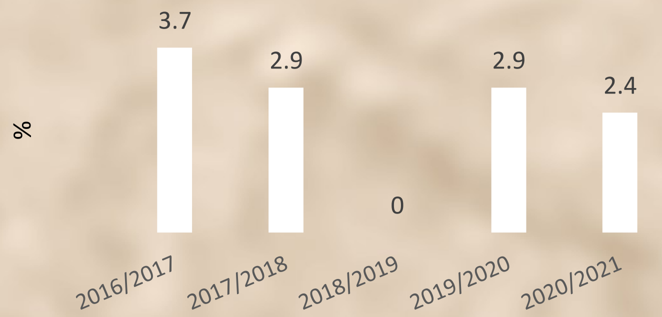
Sales revenue



Gross profit



Gross profit margin



Products and Services for Farming

This business Segment includes trade in seeds, plant protection products, fertilizers, agricultural and machinery, installation of grain cleaning, drying and storage facilities as well as livestock farms.

A supply of agricultural inputs to the farmers is a long-term activity of the Group that trace back to 1993 and is currently run in Lithuania, Latvia and Estonia.

The Group represents worldwide known brands, has an agricultural machinery service network in the Baltic States and a seed processing factory.

Start of operation	1993
Operating companies	Companies in Lithuania: AB Linas Agro UAB Dotnuva Baltic UAB Geoface UAB Linas Agro Grūdų Centras Participating in reorganization UAB Linas Agro Grūdų Centrai Under reorganization UAB KUPIŠKIO GRŪDAI Under reorganization UAB Karčemos Bendrovė Companies in Latvia: SIA Linas Agro SIA Dotnuva Baltic SIA Linas Agro Graudu Centrs Companies in Estonia: Linas Agro OŰ AS Dotnuva Baltic
Activity	Preparation of seed in own seed preparation factory Supply of seeds, plant care products, fertilizers to the farmers Supply of new and used agricultural machinery, spare parts, and service to the farmers Installation of grain cleaning, drying and storage facilities as well as livestock farms Software development Representation of worldwide known brands
Share of revenue in Group's portfolio (Average of results within last 5 years)	22%
Outlets/Service centers	19/14
Infrastructure at the end of the reporting period	88.8 ktons - storage capacity for warehousing seeds, fertilizers and plant protection products in Lithuania and Latvia
Total annual capacity of the seed production plant	22 ktons heavy seeds (cereals and pulses)
Owned trademarks	'Dotnuva Seeds'
Represented trademarks	Case IH, Kverneland, Cimbria, Irrimec, Kongskilde, Quicke, Jeantil, Agrifac, Agrisem, MacDon, Wielton, Schäffer, Siloking, Einböck, Laumetris, Bin, Symaga, JKF Industri A/S, Brandt, Andritz, JEMA A/S, BouMatic Robotics, RO-KA Industri, Pellon, Strangko, Wasserbauer, Spinder, Calvatis, Agrilight, Agricow
Certificates	UAB Dotnuva Baltic, SIA Dotnuva Baltic and AS Dotnuva Baltic have joined the Case IH international quality network Red Excellence, which unites companies representing the Case IH brand in Europe. UAB Dotnuva Baltic has a certificate in preparation and trade of organic seeds issued by the PE Ekoagros, as well as a qualification certificate entitling to be a contractor for the construction of special structures.

Preparation of seed in own seed preparation factory

Over the reporting period, the own seed preparation factory of UAB Dotnuva Baltic (Dotnuva, Kedainiai distr.) prepared 23.5 thousand tons of certified seeds or 7% more than in previous year. In the second half of the reporting period, about 12 thousand tons of Dotnuva Seeds were certified, accounting for 38% of the total amount of seeds certified in Lithuania. Most of the prepared material consisted of cereal and pulses seeds, however, the highest growth was recorded in the grass and sidereal seed segment. Group invested in improving the quality of seeds, advancing cleaning process. As of publication of this notice, the modern warehouse investments of EUR 1.4 million performed within 2021, have been successfully finished, expecting to increase the capacity of the seed factory up to 30 thousand tons of heavy seeds per year. The need for these investments is based on the future potential of the markets served by the Group, still materially lagging behind the Western European countries. To the Group's knowledge, the quantities of certified seeds in Western European countries reach about 50% of the sown area, while in Lithuania so far only 15-20%.

Supply of seeds, plant care products, and fertilizers to the farmers

Within the reporting period Group sold 25.5 thousand tons of seeds or 14% more than in previous year, the trade revenue increased slightly (5%) to EUR 19.9 million. Sales of certified seed are still struggling to make their way into the baskets of farmers and farms. However, despite so far limited market, the segment companies were able to increase their market share during the reporting period thanks to high-quality seed material and strong sales-promoting activities. Group believes that the strategy focusing to seed sales in the autumn proved to be effective, as successfully overwintered crops dictated lower demand for sowing in spring. Sales in Latvia were also limited due to high farms' activity, ensuring seeds demand themselves. As expected, late spring affected sales during the third quarter of the Group's financial year, were compensated within last quarter.

Delayed harvest-time in 2020 resulted in different sowing structures, dictating specific fertilizer needs. Well planned assortment of fertilizers, in addition to well managed momentum of rising prices created the preconditions for the realization of higher than forecasted profitability. Despite high prices and the lack of a certain range of fertilizers, the planned quantities were achieved, recording 6% growth compared to the previous year; revenue from fertilizers sold amounted to EUR 54 million and was 3% higher compared to the same period last year. Considerable demand for fertilizers dictated by the successful global harvest in 2020, geopolitical factors, as well as COVID-19 pandemic and weather effected higher prices of fertilizer production components (such as gas, sulfur, ammonia) contributed to the increase in fertilizer prices during the reporting period.

Continuity of these factors would allow persistence of higher fertilizer prices, if not in the long run, then in the short run. Complicated price forecasting is likely to pose challenges for fertilizer sales in the new 2021/2022 financial year.

Farmers' optimism fueled by a record 2020 grain and rapeseed harvest, had a positive effect on sales of plant care products and micronutrients as well. Expecting a strong 2021 harvest, average investments per hectare increased, farmers were not afraid to choose more modern plant protection products. Organic fertilizers were also successfully traded as Group companies are increasingly focusing on the development of organic farming; organic fertilizers are one of the most effective tools to increase the profitability of organic crop farms, achieve sustainability and protect soil fertility. During the reporting period total sales of plant care products and micronutrients increased by 25% to EUR 28.5 million.

Supply of new and used agricultural machinery, spare parts and service to the farmers

A successful harvest season, high expectations towards the quality of overwintered crops, rising grain prices have improved both the financial situation and expectations of farms. Latter encouraged farmers' investments into machinery in all the Baltic countries. During the reporting period, compared to the result of the financial year 2019/2020, the tractor market in Lithuania grew by 47%, the harvester market - by 30%, sales of trailed equipment for crop care (sprayers, fertilizer spreaders, etc.) increased as well. To take advantage of the latest EU support package announced in Lithuania at the end of the 2020, the beneficiaries were asked to first complete the implementation of the projects of the previous support stages, which resulted in faster acquisition of new equipment within first half of 2020/2021 financial year; while same directions for support under the EU project rules (small farms, young farmers and cattle breeding, vegetable farms) encouraged intensive investments by large Lithuanian farms no longer expecting to receive support since beginning of 2021. At the same time, Latvian farms have slowed down purchases somewhat in anticipation of the EU's autumn support package.

Within reporting period, the concern about production materials price increase, as well as extending machinery production terms, related to COVID-19 pandemic caused supply disruptions, were additional drivers, encouraging customers not to wait any longer and purchase equipment from existing stock before the expected rise in price. Respectively, in financial year 2020/2021 segment companies not only successfully placed new orders, but meanwhile reduced quantities of aged inventory in the warehouses. At the end of the reporting period 90% of UAB Dotnuva Baltic new machinery stock comprised of inventories not older than 1 year.

Compared to the same reporting period last year, sales of new and used agricultural machinery increased by 32% and reached EUR 53 million. Yet, segment income generation within the new financial year 2021/2022 might get more complicated compared to the earnings of reporting period. Both, droughts adjusted 2021/2022 yield expectations as well as more expensive fertilizers and other components might be the causes for the longer consideration by the farmers and companies while making investment decisions. Challenges exploiting the full sales potential may also arise due to the increase in the cost of the equipment itself and the persistent disruptions of the supply chain (delayed delivery of goods, restriction of supply). With the receding COVID-19 pandemic related curtailments, the renewed economy is driving demand for everything - from household appliances to car manufacturing and construction; therefore, both - the rise in the price of raw materials (such as steel) and supply disruptions may remain relevant for some time. It is likely that latter factors will affect the behavior of the buyers differently - some will be encouraged to make the decision as soon as possible, others – will, on the contrary, postpone the purchase to later periods. Decision making, as every year, will highly depend on the condition of the owned machinery, as well as access to support funds.

Equipment and machinery rental was still relevant for large farms, no longer eligible for EU support. Therefore, rent of larger tractors, harvesters as well as corn harvesting service were successful.

Reporting period in the machinery service and spare parts segment was intensive, as it included both post-seasonal maintenance and pre-seasonal technical preparations. Post-seasonal maintenance works required a lot of effort from the service team, as difficult weather conditions resulted in higher technical loads during the harvesting, while pre-seasonal technical preparations became difficult again due to supply chain disruptions caused by COVID-19 pandemic. There was a shortage of spare parts, delivery delays and rising costs due to increasing material prices. Despite difficulties, total service and spare parts revenue increased by 20% to EUR 14 million, owing to longer working hours, and wider geographical coverage after expanding operations to new countries.

Software development

For almost four years intensively preparing for the kick-off, the start-up Geoface, acquired by the Group last summer, initiated the launch of the intelligent farming system 'Geoface' in Lithuania and Latvia in January 2021. The product currently has the following main functions: crop fertilization and spray mapping, management of farm's finances, forecasting of the harvest. It has been planned to provide the service to farmers free of charge during the first year, further improving the equipment according to the needs of

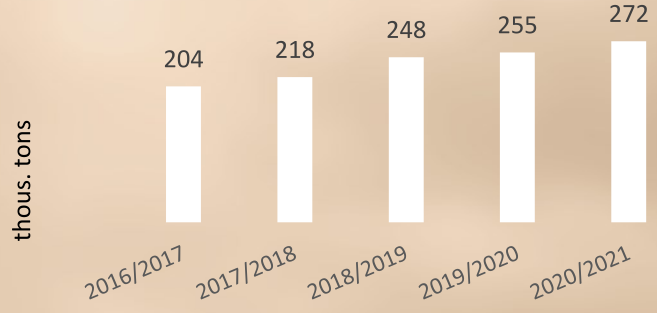
Installation of grain cleaning, drying and storage facilities as well as livestock farms

After a successful harvest season, the market for grain preparation equipment became more active, with investments made by agricultural companies and farmers who had withheld or postponed investments for a later period. The autumn phase of the 2020/2021 financial year was quite difficult for dairy farmers who did not score enough points to receive support for investments in the establishment of livestock farms. In total, EUR 9 million received from grain and farm equipment installation projects, or 15% more than the income in previous year.

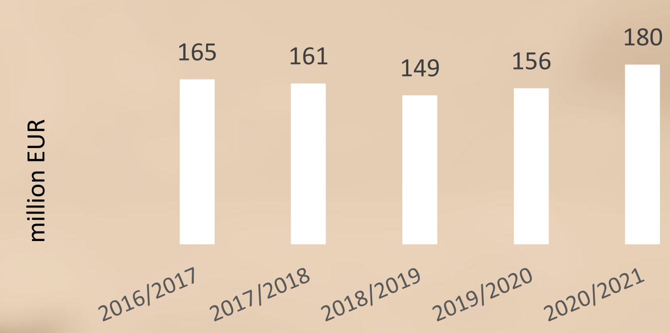
According to the Group's knowledge, in the financial year 2021/2022, farms with 200 or more cows plan to modernize - not only acquiring milking robots, but also milking parlors, automatic cow feeding systems. Farms with 50 to 200 cows are also gradually moving towards robotization. It is expected that the promotion of Lithuanian milk production in the new financial year will result in more significant support funds granted to the farms compared to the reporting period, contributing to the successful performance of the segment.

The revenue of this business Segment went 15% up to EUR 180 million and operating profit was close to EUR 9 million being 135% higher as compared to FY 2019/20. Thanks to faster equipment sales, as well as favorable price conditions in the plant care and microelements segment, the Group's management forecast, expecting 20% growth in operating profit, was significantly exceeded.

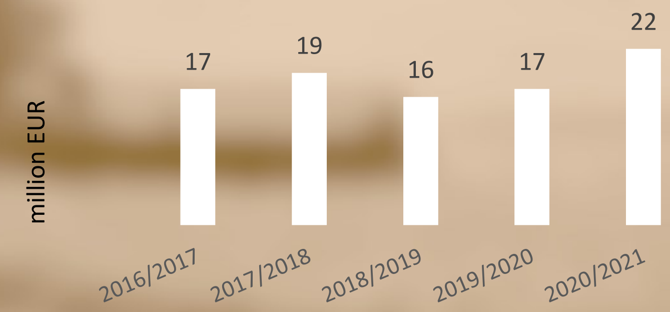
Sales volume



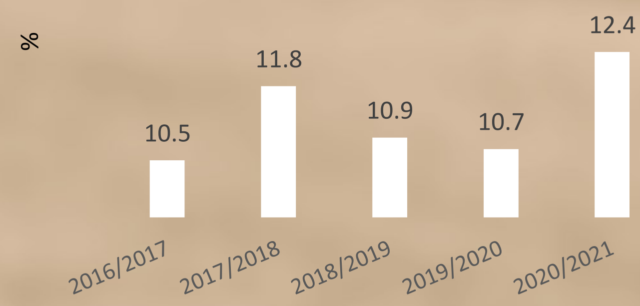
Sales revenue

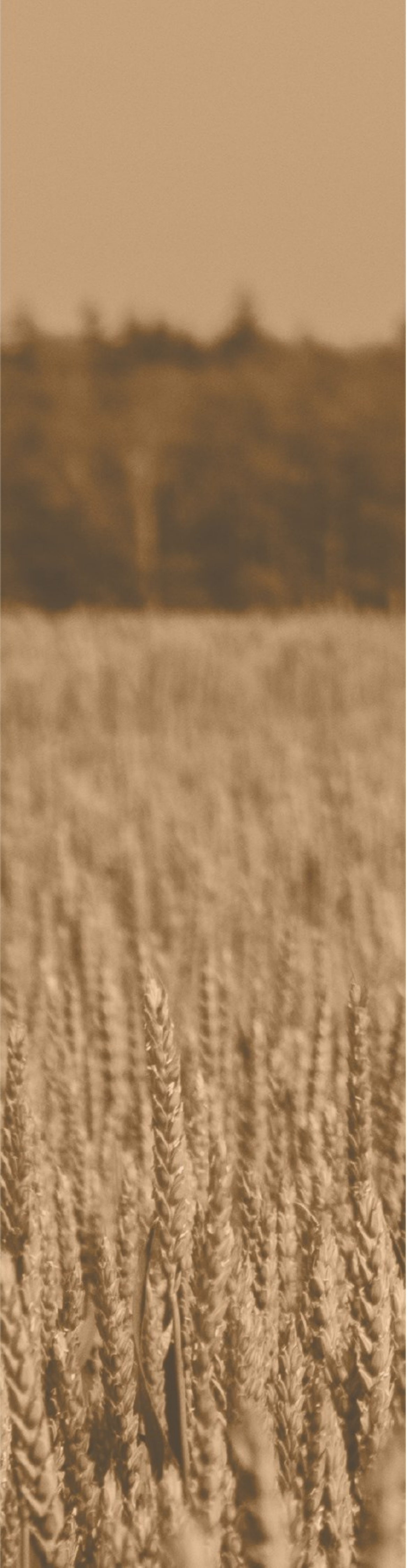


Gross profit



Gross profit margin





Agricultural Production

This business Segment covers cultivation of cereals, oilseed rape, sugar beet and other crops, production of milk and beef cattle farming. The Group owns seven agricultural companies – Panevėžys District Aukštadvario ŽŪB, Panevėžys District Žibartonių ŽŪB, Kėdainiai District Labūnavos ŽŪB, Šakiai District Lukšių ŽŪB, Biržai District Medeikių ŽŪB, Sidabravo ŽŪB and Kėdainiai District ŽŪB Nemunas.

Start of operation	2003
Operating companies	Companies in Lithuania: UAB Linas Agro Konsultacijos Panevėžys District Aukštadvario ŽŪB Panevėžys District Žibartonių ŽŪB Kėdainiai District Labūnavos ŽŪB Šakiai District Lukšių ŽŪB Biržai District Medeikių ŽŪB Sidabravo ŽŪB Kėdainiai District ŽŪB Nemunas UAB Zemvaldos Turto Konsultacijos UAB Landvesta 1 UAB Landvesta 2 UAB Landvesta 3 UAB Landvesta 4 UAB Landvesta 5 UAB Landvesta 6 UAB Noreikiškės Užupės ŽŪB UAB Paberžėlė UAB Lineliai
Activity	Cultivation of cereals, oilseed rape, sugar beet and other crops Production of milk and Beef cattle farming Rent and management of agricultural purposes land Management of subsidiary farming companies
Share of revenue in Group‘s portfolio (average of results within last 5 years)	4%
Land in total: cultivated / owned at the end of the reporting period	18,300 ha / 5,883 ha

Cultivation of cereals, oilseed rape, sugar beet and other crops

During the reporting period, the companies harvested 110 thousand tons of crop production, 103 thousand tons of this production was sold (that is 32% and 30% more compared to the very same period last year). Within the last quarter of the reporting period average grain prices remained high. Respectively, 36% growth of crop income was impacted by both - increase of marketed quantities, as well as increase in grain price compared to the same period last year.

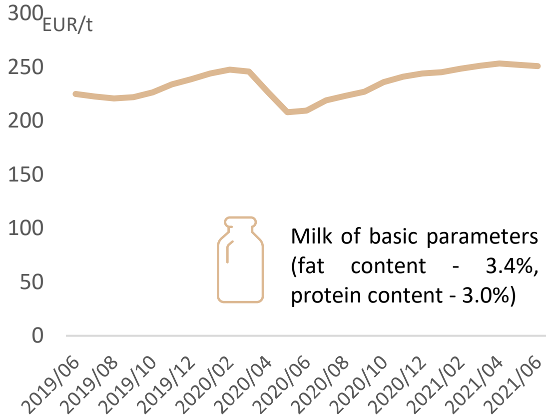
During the reporting period, the Group recorded two yield records in agricultural companies: the yield of winter wheat in Kėdainiai District Labūnavos ŽŪB was 8.7 t / ha, and Šakiai District Lukšių ŽŪB was pleased with the high yield of beans - 7.8 t / ha.

Having more acute forecast for the harvest of 2021/2022 at the date of publication of this report, the Group's agricultural companies, like most of the country's farms, are no longer expecting volume records of the grain harvested. Prolonged heat in Lithuania during grain ripening is largely responsible for poorer grain quality indicators and nutrient maturation. The summer crops, comprising about 30% of the Group's agricultural companies crop area, were particularly affected (total crop area sown for the 2021 harvest – 15 thousand ha). Fortunately, the lower harvest will be partially offset by high grain prices - the companies of the segment have already pre-contracted about 70% of their planned harvest for 2021/2022. However, higher fertilizer and other components prices raise reasonable doubts if the profitability of reporting period will be sustained in financial year 2021/2022.

Production of milk and beef cattle farming

During the reporting period, milk production activities remained stably profitable. Having decided to discontinue the unprofitable dairy farm in Kėdainiai District ŽŪB Nemunas and continuing robotization of Kėdainiai District Labūnavos ŽŪB, the Group controlled farms owned 3,180 dairy cows at the end of the reporting period or 223 cows less than in the previous year. Due to the very same reason, during the reporting period 7% more live weight cattle were raised, revenue from meat sales grew by 10% compared to the previous year.

Purchase prices for basic parameters milk in Lithuania



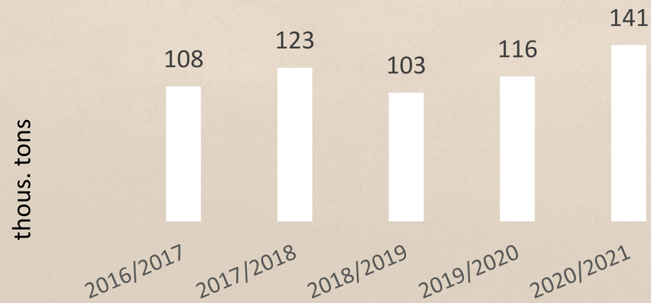
Data: State enterprise "Žemės Ūkio Informacijos ir Kaimo Verslo Centras"

Despite the smaller number of dairy cows, after the additional investment in animal welfare (cooling system installed in agricultural company Panevėžys District Žibartonių ŽŪB, other farms equipped with extra fans, Kėdainiai District Labūnavos ŽŪB further on continued with robotization), the amount of milk produced did not decrease and equaled the result of the financial year 2019/2020, amounting to 34 thousand tons. Revenue from milk sales grew 5%, positively impacted by continuous gradual milk purchase price recovery (approximately 4% increase since the beginning of the reporting period).

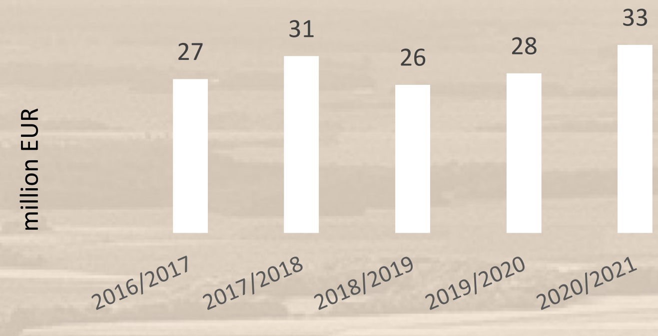
The revenue of this business Segment accelerated by 18% to EUR 33 million, operating profit amounted to EUR 11 million and was 80% higher compared to the previous financial year. It should be noted that the operating result was significantly affected by EUR 1.9 million profit, related to the sale of the landholding companies in November 2020.

The Group's management forecasted that the annual operating profit of this business Segment would be 25% higher than in the previous year. If eliminating the impact of non-core activities, the operating profit at the end of the reporting period was as much as 50% higher than the previous year, citing the recovery of raw milk purchase prices and the sale of higher quantities at higher prices as the reasons for the successful result.

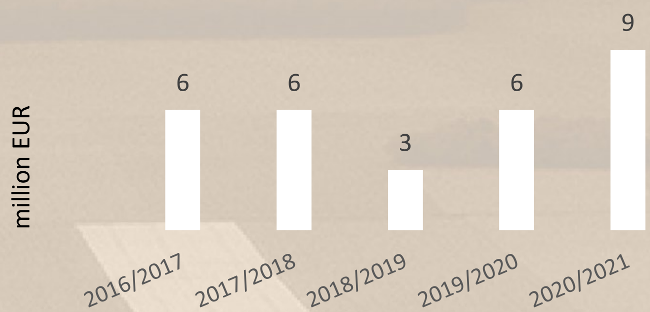
Sales volume



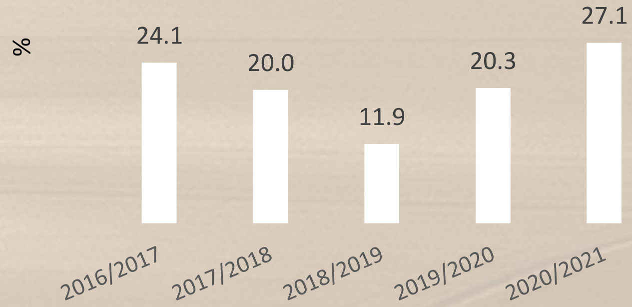
Sales revenue



Gross profit



Gross profit margin



Food Products

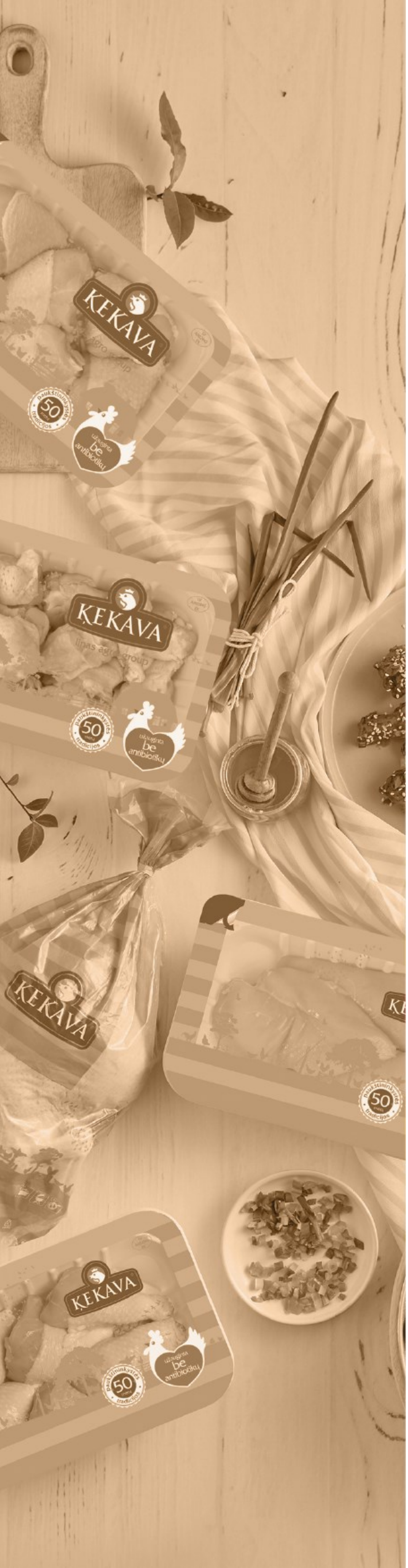
This business Segment includes a whole cycle poultry business, including incubation of hatching eggs, broiler breeding, production of poultry and its products, feed manufacturing for self-supply and retail sale of chicken meat and its products. Business is conducted by Latvian poultry companies AS Putnu Fabrika Kekava (incl. subsidiary SIA PFK Trader), SIA Lielzeltini, SIA Broileks, and SIA Cerova.

AS Putnu Fabrika Kekava – No1 poultry producer in Latvia with full poultry manufacturing cycle, including egg incubation, chicken hatching, broiler breeding, production of fresh poultry and processed products under brand name 'Kekava'. AS Putnu Fabrika Kekava have the right to mark their poultry meat as 'Raised without Antibiotics'. This financial year, all broilers were raised without the use of antibiotics.

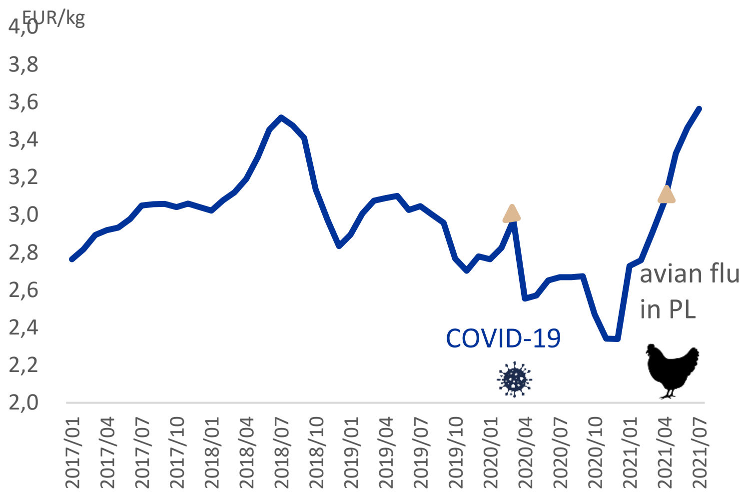
SIA Lielzeltini – No2 poultry producer in Latvia: has an incomplete production cycle consisting of broiler breeding, production of fresh poultry and processed products sold under the brand name Bauska", as well as production of compound feed.

SIA Broileks grows and sells live chicken. SIA Cerova incubate eggs and sells day-old chicks.

Start of operation	2013
Operating companies	Companies in Latvia: AS Putnu Fabrika Kekava SIA PFK Trader SIA Lielzeltini SIA Broileks SIA Cerova
Activity	Whole cycle poultry business: incubation of hatching eggs (AS Putnu Fabrika Kekava, SIA Cerova) broiler breeding (AS Putnu Fabrika Kekava, SIA Lielzeltini, SIA Broileks) production of poultry and its products (AS Putnu Fabrika Kekava, SIA Lielzeltini) feed manufacturing for self-supply (SIA Lielzeltini) retail sale of chicken meat and its products (SIA PFK Trader)
Share of revenue in Group‘s portfolio (average of results within last 5 years)	10%
Owned trademarks	‘Kekava‘ ‘Bauska‘ ‘Top choice poultry‘ (export markets outside the Baltic States) ‘Granfågel‘ (export markets in Scandinavia)
and production markings	‘Raised without Antibiotics‘
Retail chain outlets at the end of the reporting period	22 retail shops all over Latvia (The subsidiary of AS Putnu Fabrika Kekava - SIA PFK Trader)
Certificates	AS Putnu Fabrika Kekava has AA grade BRC (British Retail Consortium) accreditation, is Halal certified, also has ISO 50001:2012 and ISO 22000:200 certification. The company’s bacteriological and virological testing laboratory has been accredited in accordance with the requirements of the Standard ISO / IEC 17025: 2017. SIA Lielzeltini has ISO 22000:2006 and ISO 50001:2012 certifications, also is Halal certified.



Fresh fillet meat price dynamics in Poland

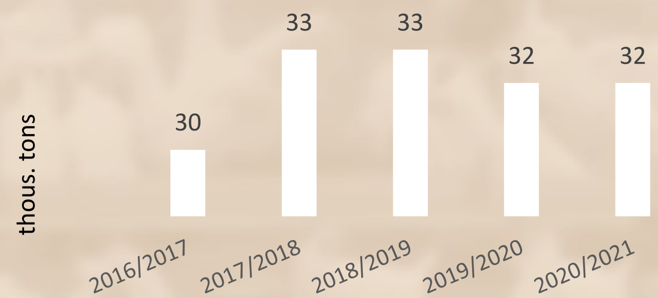


Data: The Ministry of Agriculture and Rural Development

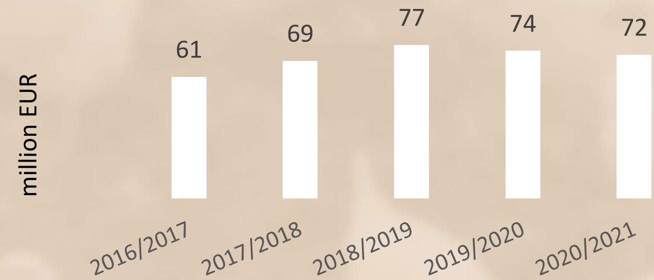
During the reporting period, AS Putnu Fabrika Kekava (PFK) maintained no. 1 position in the ranks of Latvian poultry producers, the company's activities covered the entire production cycle: egg incubation, hatching of chickens, broiler breeding, production of fresh poultry and processed products under the trademarks ‘Kekava’, ‘Top choice poultry’. Broilers were raised without the use of antibiotics since January 2020, continuously labeling production with "Raised without Antibiotics" marking. SIA Lielzeltini has retained the Latvian poultry producer no. 2 positions, producing fresh chicken and its products with the ‘Bauska’ trademark. The activities of SIA Lielzeltini and other poultry companies covered an incomplete production cycle (see “Activity”).

With poultry prices in Europe starting to rise from their lowest point in recent years at the beginning of the year 2021, the Group's companies have finally captured the long-awaited rise in prices in the last quarter of the reporting period. This was influenced by several factors. After some market players suspended operations or reduced production owing to difficult market conditions, meanwhile easing the restrictions on the COVID-19 pandemic during the summer and resuming orders in the HORECA sector have alleviated price pressure from overcapacity in Europe; the effect of declining output on prices became even more pronounced in the spring of 2021 with the outbreak of avian influenza in Poland, one of the main poultry exporting countries (producing about 20% of EU poultry meat). According to the Polish Ministry of Agriculture for Rural Development, the average 2020/2021 price of the most profitable chicken product, fresh fillet meat, after the adjustments observed in the last half of the financial year, caught up with the average price in 2019/2020.

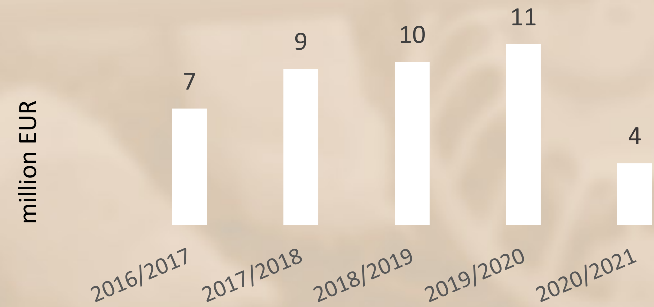
Sales volume



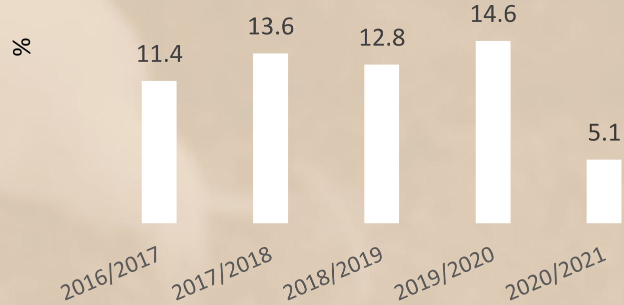
Sales revenue



Gross profit



Gross profit margin



Still, despite positive signs for income earning, restoring profitability remains a challenge. In the last quarter of the reporting period, the prices of raw materials used for chicken feed - such as maize, wheat, soybeans, oil - remained high. The costs of wages, packaging materials, electricity and fuel also increased.

Within the reporting period, the poultry companies of the Group produced and sold the same quantities of poultry like a year before: the production of live weight chicken accounted to 45 thousand tons, sales volume of poultry meat and poultry products was 32 thousand tons. However, revenue from this business Segment had a decline of 3%, amounting to EUR 72 million, while operating result ended up being EUR 2.0 million loss.

The Group's management estimated the operating profit of this Business segment to be 20% lower as compared to previous year. However, with raw material prices remaining high and output prices recovering only in the last quarter of the reporting period, the projected result could not be achieved.

Other

This business Segment includes small activities, not attributable to other Segments, f. i., grain elevators' services to the third parties, sale of minor assets, etc.

The operating loss of this business Segment amounted 75 thousand euros as compared to EUR 0 result in previous year.

5.6. Strategic goals of the Group

The overall strategy of the Group is to grow profitably and sustainably, to develop all key activities and to achieve synergies between business areas. The main numerical goals for achieving the above objectives are:

Target	Long term objective	2020/2021
Operational efficiency	Operating profit margin >/=3%	2.08%
Optimal return on capital	Return on capital employed (ROCE) >/=8%	6.54%

Carrying out activities in each of the four main operating segments, the Group sets separate targets to achieve the objectives applicable to respective segments.

- **Grain and Feedstuff Handling and Merchandising**

  The objective of the Group's management is to sustainably export grain from the Baltic States in order to achieve a higher profitability in this activity. When assessing achievements in the segment, the following is taken into account: *the ratio of the volume of grain purchased in the Group's elevators to the volume of harvest in the region (target: >/= 7 percent), segment's operating profit margin (target: >/= 1.5 percent), etc.*

- **Products and Services for Farming**

  The key task in this segment is to grow profitably, while ensuring acceptable earnings for the farmer. Also, to look for and offer to the market solutions that help plants adapt to changing climatic conditions; to have one of the best agricultural machinery servicing networks in the Baltic States; to develop the investment in GeoFace and offer modern solutions to farmers through the use of smart technologies. When assessing achievements in the segment, the following is taken into account: *the market share of new tractors and combines (target: TOP 3 position in each country of operation), segment's operating profit margin (target: >/= 5 percent), etc.*

- **Food products**

  The objective of the management of the Group is the efficient management of the companies in the segment and further development of poultry farming capacities through the modernisation and automation of packaging, refrigeration and logistics solutions, as well as reduction of gas consumption in poultry farming facilities. When assessing achievements in the segment, the following is taken into account: *brand awareness regarding the brands represented (target: to remain No. 1 in the Latvian market), poultry farming without usage of antibiotics (target: 100% raised antibiotic-free), operating profit margin (target: >/= 3.5 percent), etc.*

- **Agricultural Production**

  The development of this area of activity is limited by the area of managed land, therefore, the respective strategic objectives of the Group are to further increase the productivity of crop and dairy farms and to expand the volume of raw milk production through the modernisation of production processes and cow herd expansion. When assessing achievements in the segment, the following is taken into account: *milk yield (target: >/=11.8 thousand kg of milk per year per cow), yields of various cereals (winter wheat average yield target: >/=7 tons per hectare of crop, EBITDA gained per one hectare planted (target: >/= EUR 300), etc.*

6

The Publicly Disclosed Information and Other Events of the Reporting Period

6.1. The Publicly Disclosed Information

During the reporting period ended 30 June 2021, the Company publicly disclosed and distributed via Nasdaq Vilnius Exchange Globenewswire system and in Company‘s website www.linasagrogroup.lt the following information:

07/06/2021 09:00 EEST	AB Linas Agro Group receives a syndicated loan granted by three banks for the acquisition of KG Group	Other information	LT, EN
31/05/2021 16:30 EEST	Growing sales volumes boosted revenue and profits of AB Linas Agro Group for 9 months	Interim information	LT, EN
06/05/2021 16:30 EEST	FAS Russia has allowed Linas Agro Group to implement concentration by acquiring KG Group	Other information	LT, EN
18/03/2021 16:00 EET	The recording of AB Linas Agro Group Investor Conference Webinar on the financial results for the first half of FY 2020/21	Other information	LT, EN
15/03/2021 16:30 EET	AB Linas Agro Group boosts sales revenue and profits in first half of the financial year 2020/21	Interim information	LT, EN
12/03/2021 07:50 EET	Polish competition authority has allowed Linas Agro Group to implement concentration by acquiring KG Group	Other information	LT, EN
10/03/2021 14:36 EET	AB Linas Agro Group will hold an Investor Conference Webinar to introduce the financial results for the half year of 2020/2021	Other information	LT, EN
01/03/2021 09:00 EET	Estonian Competition Council has allowed Linas Agro Group to implement concentration by acquiring KG Group	Other information	LT, EN
25/02/2021 09:45 EET	Latvian Competition Council has allowed Linas Agro Group to implement concentration by acquiring KG Group	Other information	LT, EN
22/12/2020 08:19 EET	AB Linas Agro Group investors calendar for the 2021	Other information	LT, EN
10/12/2020 11:59 EET	The recording of AB Linas Agro Group Investor Conference Webinar on the financial results for the year ended 30 June 2020	Other information	LT, EN
2/12/2020 13:23 EET	AB Linas Agro Group will hold an Investor Conference Webinar to introduce the financial results for the year ended 30 June, 2020	Other information	LT, EN
30/11/2020 22:27 EET	AB Linas Agro Group performance and financial results for the three months of 2020/21	Interim information	LT, EN
26/11/2020 16:00 EET	AB Linas Agro Group sold a part of the land management companies	Notification on material event	LT, EN
23/11/2020 16:51 EET	AB Linas Agro Group notification about the Annual information of the financial year 2019/2020	Annual information	LT, EN
23/11/2020 16:50 EET	Decisions of the Annual General Meeting of Shareholders of AB Linas Agro Group, held on 23 November 2020	General meeting of shareholders	LT, EN
30/10/2020 18:36 EET	Annual General Meeting of Shareholders of AB Linas Agro Group is convened on November 23, 2020	General meeting of shareholders	LT, EN
26/10/2020 16:47 EET	Cancellation of the Annual General Meeting of Shareholders scheduled for 16 November 2020	General meeting of shareholders	LT, EN
23/10/2020 16:12 EEST	Annual General Meeting is convened on November 16, 2020	General meeting of shareholders	LT, EN

8/10/2020 16:04 EEST	Updated AB Linas Agro Group Investors Calendar for Q4 of 2020	Other information	LT, EN
5/10/2020 09:27 EEST	Dotnuva Baltic will invest EUR 1.3 million to expand its seed storage capacity by 89%	Other information	LT, EN
2/10/2020 09:00 EEST	AB Linas Agro Group seeks to acquire a group of companies KG Group	Notification on material event	LT, EN
31/8/2020 20:36 EEST	AB Linas Agro Group performance and financial results for 12-month period of FY 2019/20	Interim information	LT, EN
24/8/2020 9:35 EEST	Notification on the disposal of voting rights	Acquisition or disposal of a block of shares	LT, EN
21/8/2020 8:05 EEST	Notification on the disposal of voting rights	Acquisition or disposal of a block of shares	LT, EN
20/8/2020 16:54 EEST	Notification about changes in voting rights	Acquisition or disposal of a block of shares	LT, EN
19/8/2020 18:09 EEST	Notification on the disposal of voting rights	Acquisition or disposal of a block of shares	LT, EN
31/7/2020 9:30 EEST	Dotnuva Baltic, a subsidiary AB Linas Agro Group, buys a start-up and will offer a precision farming system to the market	Other information	LT, EN

6.2. Other Events of the Reporting Period

30/6/2021	The Company acquired 100 percent shares of UAB Zemvaldos turto konsultacijos from the other companies of the Group.
June 2021	The Company transferred 2,000 of its own shares to employees of the Group under AB Linas Agro Group Rules for Shares Issues.
21/6/2021	The Company acquired 24 percent shares of UAB Linas Agro Konsultacijos from the other company of the Group to have 100% ownership.
2/6/2021	The authorized capital of Linas Agro OÜ increased by 800,000 euros.
12/5/2021	Klaipėdos Universiteto Ateities Paramos Fondas was registered in the Register of Legal Entities. AB Linas Agro Group participates as one of co-founders of the Charity and Sponsorship Fund.
6/5/2021	Russian Federal Antimonopoly Service has adopted a resolution allowing AB Linas Agro Group to implement the concentration by acquiring the companies of KG Group operating in Russia.
26/03/2021	Participating in reorganization legal status of UAB Linas Agro Grūdų Centrai was registered, and Under reorganization to UAB KUPIŠKIO GRŪDAI and UAB Karčemos Bendrovė.
23/02/2021	UAB Linas Agro Grūdų Centrai registered after restructuring of UAB Linas Agro Grūdų Centras KŪB.
22/02/2021	UAB KUPIŠKIO GRŪDAI registered after restructuring of ŽŪK KUPIŠKIO GRŪDAI.
20/01/2021	Karčemos Kooperatinė Bendrovė changed the ownership form of the company to private liability company UAB Karčemos Bendrovė.
12/01/2021	Cooperative ŽŪK KUPIŠKIO GRŪDAI started restructuring procedure to change the ownership form of the company.
12/01/2021	UAB Linas Agro Grūdų Centras KŪB started restructuring procedure to change the ownership form of the company.
24/12/2020	The authorized capital of LLC Linas Agro Ukraine increased by 84,000 euros.
15/12/2020	Karčemos Kooperatinė Bendrovė went on restructuring.
Nov-Dec 2020	UAB Linas Agro Grūdų Centras KŪB obtained stock of cooperative company Kupiškio Grūdai from the other companies of the Group to have 100% ownership.
26/11/2020	UAB Linas Agro Konsultacijos sold shares of SIA “Zemvalda land management holdings 1”, SIA “Zemvalda land management holdings 2”, SIA “Zemvalda land management holdings 3”, SIA “Zemvalda land management holdings 4”, SIA “Zemvalda land management holdings 5”, SIA “Zemvalda land management holdings 6”, SIA “Zemvalda land management holdings 7”.
23/11/2020	The Ordinary General Meeting of shareholders was convened.
13/11/2020	Capital of SIA “Zemvalda land management holdings 1” was increased by 2,523,910 euros.
13/11/2020	Capital of SIA “Zemvalda land management holdings 2” was increased by 1,999,328 euros.
13/11/2020	Capital of SIA “Zemvalda land management holdings 3” was increased by 1,873,288 euros.

13/11/2020	Capital of SIA "Zemvalda land management holdings 4" was increased by 2,355,579 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 5" was increased by 2,471,172 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 6" was increased by 980,978 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 7" was increased by 1,113,343 euros.
Nov 2020	UAB Linas Agro Grūdų centras KŪB acquired shares of Karčemos Kooperatinė Bendrovė from the Group company.
27/10/2020	The capital of UAB Noreikiškės was increased by 30,000 euros.
8/10/2020	Linas Agro OU, a subsidiary of AB Linas Agro, has been founded in Estonia.
1/10/2020	AB Linas Agro Group has signed share purchase and sale agreements with the shareholders of AB Kauno Grūdai, AB Kaišiadorių Paukštynas and AB Vilniaus Paukštynas with the aim to acquire the block stock of shares of these and related companies. The transaction to require the permission of the Competition Council
1/9/2020	The capital of UAB Lineliai was increased by 70,000 euros.
Jul-Aug, 2020	UAB Dotnuva Baltic acquired 100 percent shares of UAB GeoFace.
21/7/2020	The authorized capital of AS Dotnuva Baltic was increased by 2,300,000 euros.
9/7/2020	The Company transferred 1,000 of its own shares to Andrius Pranckevičius, the Member of the Board of the Company and the employee of the Group under AB Linas Agro Group Rules for Shares Issues.

6.3. Subsequent Events

1/10/2021	The sole shareholder of UAB GeoFace decided to increase its authorized capital by EUR 706,000.00 and revoked the shareholder's pre-emptive right to acquire the newly issued shares, granting the right to acquire them to the joint-stock company Linas Agro. After the increase of the authorized capital of UAB GeoFace, its shareholders will be UAB Dotnuva Baltic and AB Linas Agro, each control 50% shares.
14/9/2021	The Company has signed share purchase and sale agreement with the aim to acquire 100 of shares of UAB Agro Logistic Service and applied to the Competition Council of the Republic of Lithuania for approval of the transaction.
9/9/2021	The Company acquired 50% shares of KGKhumex B.V.
6/9/2021	AB Linas Agro entered into a credit agreement with Credit Europe Bank N.V. for a 30 milion EUR loan.
July-Aug, 2021	The Company entered into a credit agreement with AB SEB Bankas, Swedbank, AB, and Luminor bank AS to borrow EUR 46,290,000 and secured its execution by pledging assets.
11/8/2021	Authorized capital of SIA KG Latvija increased by 1,500,000 euros.
15/7/2021	The Company acquired controlling stakes in AB Kauno Grūdai, AB Kaišiadorių Paukštynas, AB Vilniaus Paukštynas, and the related companies, acting together as KG Group.
9/7/2021	Authorized capital of Linas Agro OU increased by 150,000 euros.

Scope of risk and management thereof

7.1. Market Risks

A market risk is understood as the risk of receiving a lower return than planned in the event of unfavourable market conditions. A market risk in the activities of the companies of the Group could occur through fluctuations in market prices of certain goods, emergence of new competitors in the market or a merger/formation of a group by competitors, relevant crop harvest quality/quantity in a given period, emergence of new goods and production technologies that lead to a fall in the market prices of specific goods, etc.

In order to manage the potential impact of a market risk, the employees of the companies of the Group:

- Constantly monitor the market of specialised products;
- Manage trading positions on the basis of permissible limits of open trading positions and criteria for their liquidation;
- Use derivatives;
- Etc.

In the financial year 2020/2021, due to high volatility of commodity prices and disruptions in the supply chain, the companies of the Group were exposed to market risk. However, the application of the above measures, diversification of activities and extensive experience have helped to manage the negative consequences of this risk.

The probability of the occurrence of market risk in future periods remains *high* due to the specifics of the Group's normal business operations. However, due to complex forecasting of market movement trends, it is not possible to anticipate the consequences of encountering this risk.

7.2. Trade and Credit Risks

A trade and credit risk is understood as the risk of a lower-than-expected profit if, due to reasons that are dependent or not dependent on the employees of the companies of the Group, improper performance of the terms and conditions of contracts is encountered.

A trade risk in the activities of the companies of the Group could occur through non-delivery of purchased

goods, refusal of the buyer to accept the sold goods, non-compliance with contractual terms and conditions concerning the quantity, range, completeness, quality or other characteristics of the goods, inaccuracies in the procedures of the companies of the Group or of outsourced service providers, failure to ensure a due process, and criminal operation of parties to a transaction.

A credit risk in the activities of the companies of the Group could occur through the sale of goods with deferred payment, lending money, payment of an advance for the future delivery of goods or services, extension of an overdue payment term, etc.

In order to manage the potential impact of a trade and credit risk, the employees of the companies of the Group:

- Conduct a thorough screening of customers prior to starting trade operations and assesses the availability of additional security at the start of the cooperation;
- Observe the credit limit values set for the trade operations of the companies of the Group, perform continuous customer monitoring, and make use of insurance options;
- Ensure control over activities of outsourced service providers;
- Properly document the execution of trade operations and other procedures;
- Etc.

With the supply and demand mismatch continuing throughout the financial year 2020/2021, the Group faced the problem of non-performance of some supplier contracts due to high prices and their persisting volatility in the global market, however, the ability to reorient to other markets ensured loss minimization and even profit.

The manifestation of this risk is closely related to the market risk aspects and in some cases can be provoked by them. However, the Group estimates the probability of occurrence of trade and credit risk in future periods as *low/moderate* due to the long-term experience of the employees of the companies of the Group and the thorough inspection and control activities carried out.

7.3. Political Risks

In the European Union, agriculture is a highly regulated and supervised industry. Although this regulation and supervision is aimed at ensuring a sufficient income for those engaged in agricultural activities, political changes may affect the situation in the market in which the Group operates. Political risks could arise from the reduction of agricultural subsidies, the tightening of financial assistance-related requirements (which would have a negative impact not only on the activities of agricultural companies managed by the Group,

but also on the enterprises supplying those companies), as well as the adoption political decisions such as embargoes, quotas, import or export bans.

To minimize the consequences of such risks, the employees of the companies of the Group monitor the economic situation in Lithuania and all other countries with which they trade and assess possible changes that would result from certain political decisions.

The Company and the Group did not encounter this risk in the financial year 2020/2021.

However, considering that in May of 2021, the Seimas of the Republic of Lithuania adopted for consideration the proposal of the members of the Seimas to set a 150 thou-sand Euro limit on direct payments for large farmers, the probability of the occurrence of political risks to the Group in future periods is assessed as *moderate*.

7.4. HR Risks

The ability of the Group to maintain a competitive position and implement its growth strategy is determined by the experience and knowledge of the management. Loss of employees and/or inability to hire new employees with relevant knowledge may adversely affect the business prospects and financial position of the Group. HR-related risks in the activities of the companies of the Group could also be encountered in connection with the confidential information available to the staff members, the decisions made by the staff, the responsibility granted to the staff members based on their rights and duties, improperly designed employee motivation systems, etc.

To manage HR Risks:

- Non-compete agreements have been concluded with certain executives of the Group;
- Requirements and responsibility concerning the storage of confidential information are set for employees;
- The motivational system is developed, etc.

In the financial year 2020–2021, the Company and the Group did not encounter these risks. The probability of the occurrence of the HR risks in future periods is assessed as *low*.

7.5. Funding and Liquidity Risks

Examples of funding and liquidity risks include funding supply risk, lack of liquidity, short-term investment risk, foreign exchange risk, interest rate risk, etc.

Information on the financial risk management objectives and used hedging instruments that are subject to hedge accounting, as well as the information on the extent of the price risk, credit risk, liquidity risk and cash flow risk arising for the Group when the Group makes use of financial instruments, all of which is important in assessing the assets, equity, liabilities, income and expenses of the Group, are disclosed in Note 29 to the Financial Statements of the Group.

In the financial year 2020/2021, the Company and the Group did not encounter these risks.

In the opinion of the Group, the probability of occurrence of funding and liquidity risks in future periods is *low* due to the annual credit limits set by the Group, significant diversification of bank financing sources, and hedging instruments used.

7.6. Risks of Change in Biological Assets

The risk of change in biological assets used in the operations of the Group (cattle, birds and crops) is related to improper maintenance of biological assets, possible outbreaks of diseases, and other factors that may cause the loss of such assets.

To minimise potential losses relating to the risk of change in biological assets, the employees of the companies of the Group monitor the condition of the soil, use plant protection products and fertilizers, carefully control the quality of cattle and poultry feed, continuously improve animal housing conditions, apply infection prevention measures and make use of insurance options.

In the financial year 2020/2021, the Company and the Group did not encounter these risks.

In the opinion of the Group, although the probability of occurrence of the risk of change in biological assets in future

periods is *low* due to the systems implemented in the companies of the Group and a strict control, it is still possible to encounter such risk in case of extremely unfavourable weather conditions independently of the Group's actions.

7.7. Security Risks

The security risk could be encountered by the Group due to information technology security vulnerabilities, malware, viruses, illegal and criminal activities of third parties encroaching on the information systems in order to seize information and steal funds. This risk may also be encountered in the course of storage and archiving of copies of electronic and written documents, and when carrying out the protection and surveillance of the premises and the area of the companies of the Group.

In order to manage the security or environmental risks within the Group, the installation of antivirus programs, archiving of IT and paper documents in accordance with the established rules and with the assistance of third parties, and installation of office environment surveillance systems is carried out and updated on a regular basis.

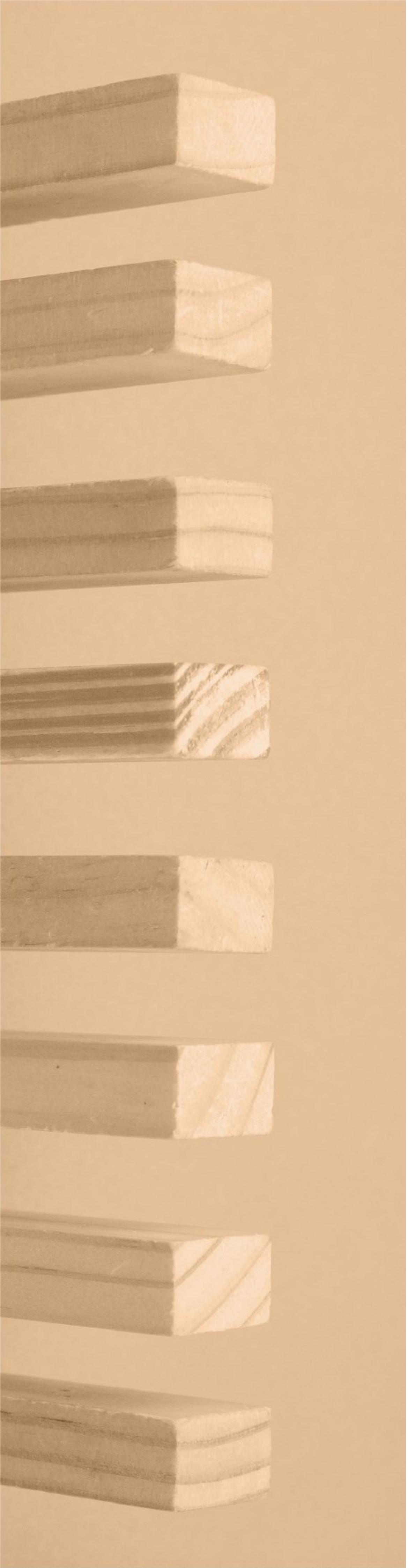
In the financial year 2020/2021, the Company and the Group did not encounter these risks.

In the opinion of the Group, the probability of occurrence of safety risks in future periods is *low* due to the systems implemented in the companies of the Group and strict controls.

7.8. Consumption Patterns and Technological Change Risks

The risks posed by changes in consumption patterns and technology are related both to temporary trends and to consistent changes caused by increased education and better living conditions or scientific progress.

To manage these risks, the companies of the Group that produce, prepare and sell agricultural and food products, and supply goods and provide services to farmers perform



ongoing monitoring of market trends, sustainability, consumer value and functionality perspectives, assess changes in supply and demand, analyse new products and market penetration of such products.

In the financial year 2020/2021, the Company and the Group did not encounter these risks.

7.9. Reputation Risks

Reputation risks are related to the image of the Group and the companies managed by the Group in the course of building and maintaining relationships with employees, suppliers, customers and the public.

To prevent the occurrence of these risks, the actions of the companies of the Group must comply with the values represented, the mission and vision set, as well as correlate with the provisions of the Code of Business Ethics and social responsibility objectives of the Group. Any deviations from the above could lead to a diminished trust in the Group by its partners, more complicated supply or lower demand for products, as well as reduced attractiveness of the Group's companies as employers.

In the financial year 2020/2021, the Company and the Group did not encounter these risks.

In the opinion of the Group, the probability of occurrence of these risks in future periods is *low* due to the standards set by the Group and the responsibility in applying the provisions of the Code of Business Ethics and performing its content revisions and compliance checks.

8 Employees

As at 30 June 2021 the number of employees of the Group was 2,102 or 1 employees more than as at 30 June 2020 (2,101).

The number of employees of the Company was 19 (20 as at 30 June 2020).

8.1. Employed Persons by Position and Sex*

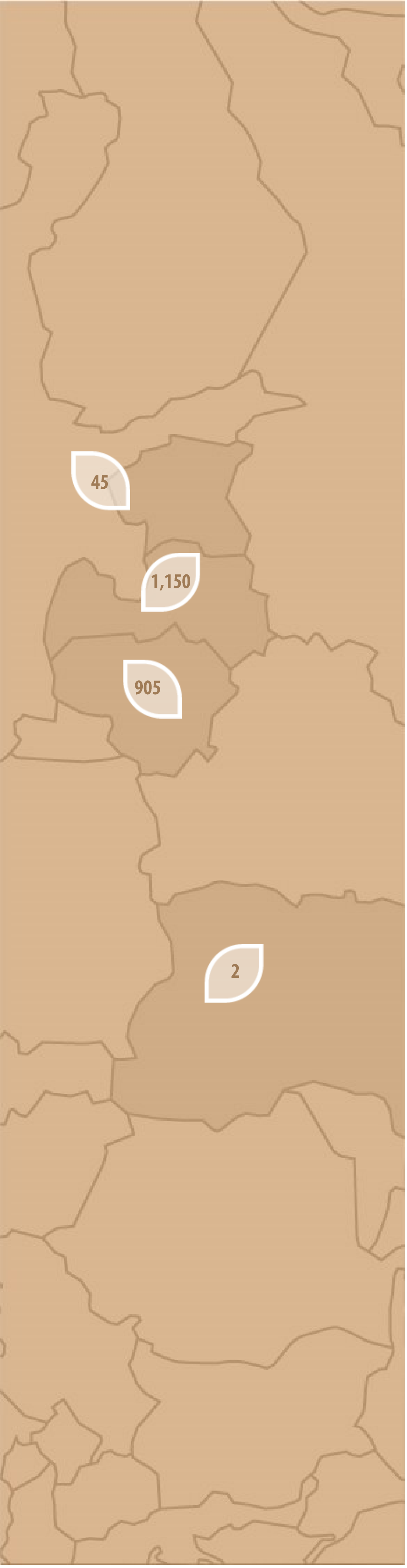
**End-of-period data, Managers include top and middle managers.*

	30/6/2021			30/6/2020		
	Total	**Men**	**Women**	**Total**	**Men**	**Women**
Managers	173	119	54	165	102	63
Specialists	582	309	273	601	323	278
Workers	1,347	743	604	1,335	752	583
In total	2,102	1,171	931	2,101	1,177	924

8.2. Average Monthly Salary before Taxes, EUR

	2020/21	2019/20
Managers	5,211	5,087
Specialists	2,010	2,200
Workers	922	1,166

The average monthly wages of workers and specialists have fallen due to the difficult situation in the poultry sector and the consequent reduction in wages in poultry companies.



8.3. Distribution of Employees by Education Degree Held:

	30 June 2021	30 June 2020
Graduate academic	472	456
Higher education	341	345
Secondary education	1,006	1,027
Primary	283	273

8.4. Distribution of Employees by Countries

	30 June 2021	30 June 2020
Lithuania	905	918
Latvia	1,150	1,145
Estonia	45	36
Ukraine	2	2

AB Linas Agro Group has no collective agreement.

All employment contracts concluded by the Group with the Company's and Group's employees are entered into in accordance with the Labor Code of the Republic of Lithuania and respective legal requirements in Latvia, Estonia, Ukraine and Denmark. Both hiring and dismissal of employees is carried out pursuant to the requirements of the Labor Code. No special rights or obligations of employees are provided for in employment contracts.

Employees have undertaken the obligation of non-disclosure of confidential information. Some Board members and key executives have signed confidentiality and non-competition agreements.

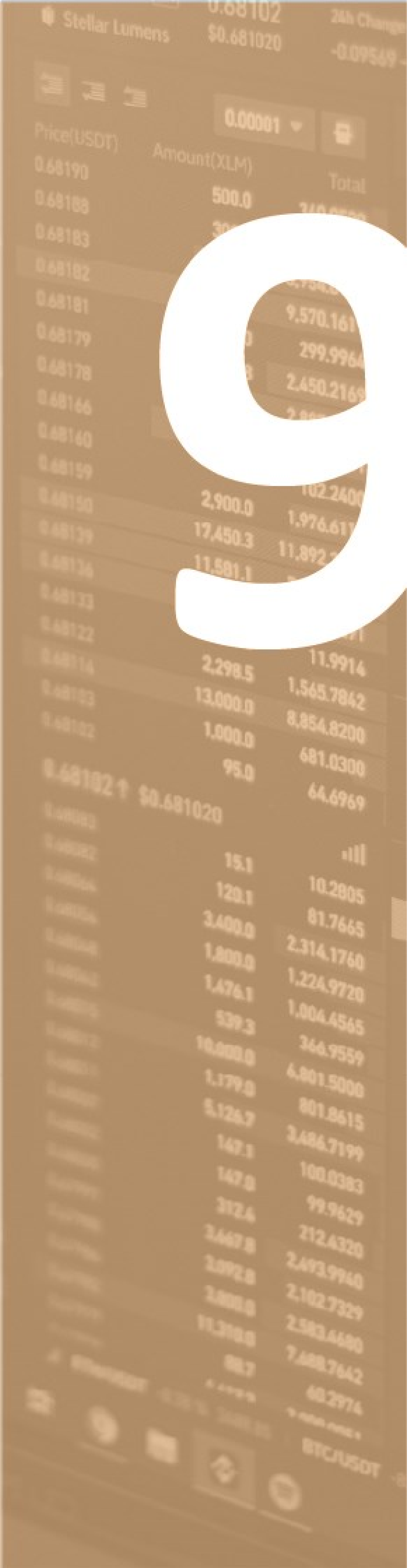
During the Ordinary General Meeting of Shareholders held on 23 November 2020, the Remuneration Policy of AB Linas Agro Group was approved, which defines the requirements and guidelines for determining the remuneration amount for the CEO and members of the Board of the Company. The Remuneration Policy aims to establish a remuneration system that promotes:

- Fair representation of and value creation for all stakeholders and the achievement of tasks and short-term and long-term goals set by the Company;
- Employee motivation and attraction of talented employees.

Considering that the members of the Board (see 11.2. The Board of the Company) are also the employees of the Company, the remuneration they receive is defined by employment contracts. According to the current Remuneration Policy, the Company does not pay any additional benefits for their work as members of the Board, except for the possibility to pay bonuses and grant Company shares or share options (according to AB Linas Agro Group Rules for Granting Shares approved by the General Meeting of Shareholders of the Company).

The Remuneration Policy of the Company stipulates that the remuneration of the CEO consists of a fixed and a variable part, and that the Company's shares or share options may be granted as well. The fixed part is determined and approved by the Board and paid in accordance with the rules in force in the Company. The variable part of the remuneration is paid at the end of the financial year by the decision of the Board, taking into account the approved strategy, as well as the implementation of the set financial and non-financial goals. To acknowledge a work well-done, the performance of an important project, ensuring the implementation of the Company's strategy, an incentive payment may be granted to the CEO on the Board's initiative (optional). The Company also provides for the possibility of granting other benefits to the CEO (e.g., the right to the Company's car, wellness and medical services, pension plans, etc.), which depends on the market conditions and may be subject to change.

Detailed information on the remuneration system applicable to the Company's management is provided in the Remuneration Report of AB Linas Agro Group for the 12 (twelve)-month period ended on 30 June 2021.



Authorized Capital and Shares of the Company

On 30 June 2021 the authorized capital of the Company amounted to EUR 46,092,715.42. The authorized capital of the Company is divided into 158,940,398 ordinary registered non-certificated shares. The nominal value of one share is EUR 0.29. ISIN code of the shares is LT0000128092.

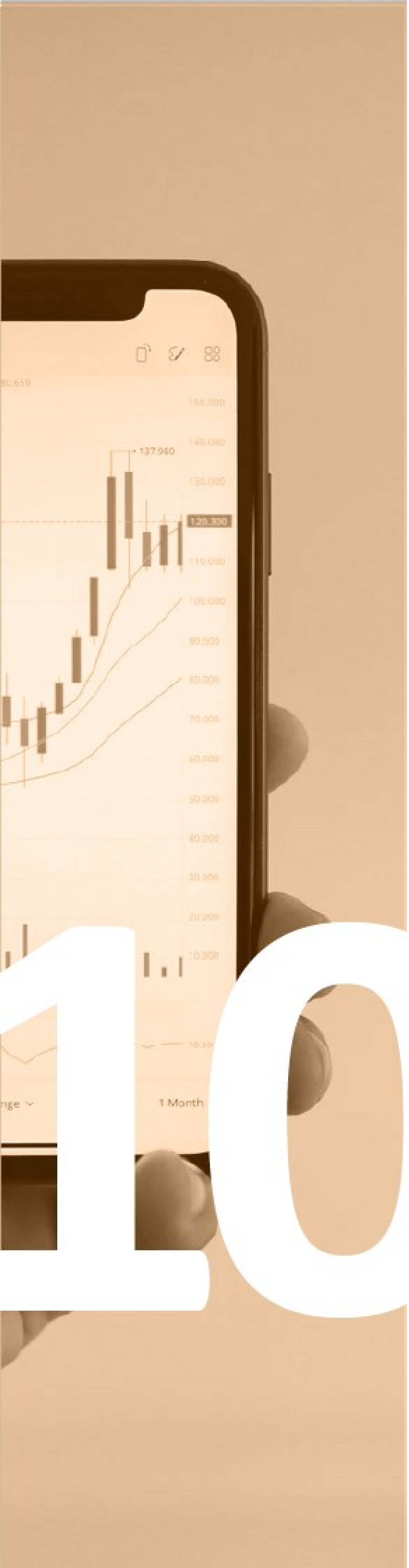
All the shares of the Company are fully paid, and they are not subject to any restrictions of the transfer of securities. All shares issued by the Company grant equal rights to the Company's shareholders. The Company has not issued any shares of a class other than the aforementioned ordinary shares. Each ordinary share of the Company shall grant one vote at the General Meeting of Shareholders (except ordinary shares acquired by the Company that do not give the right to vote). Neither limitations of the rights granted by the Company's shares nor special control rights for shareholders are provided for in the Company's Articles of Association.

At the end of the reporting period, the Company held 767,972 units of its own shares.

The subsidiaries of the Company have not acquired any shares of the Company.

The Company following the Rules for Granting Equity Incentives approved on 1st of June 2018 and acting in accordance with the decision of the General Shareholders Meeting of 1st of June 2018, signed options contracts with employees of the Company and of the subsidiaries, in which the Company owns 50 per cent or more of shares, for 4,610,180 ordinary registered shares of the Company. For more details refer to Note 28 of the Financial Statements.

Implementing the Rules for Shares Issue, that were updated at the Extraordinary General Meeting of Shareholders on February 27, 2020, the Company concluded on February 27, 2020 stock option agreements with the employees of the Company and its subsidiaries, in which more than 50% stock is owned by the Company.



10 Shareholders

According to the list of shareholders provided by AB Linas Agro Group securities account operator AB Šiaulių Bankas (data for the end of 30 June, 2021), the number of Company‘s shareholders at the end of the reporting period was 1116.

Shareholders of the Company have all the property and non-property rights specified in the Articles 15 and 16 of the Law of the Republic of Lithuania on Companies.

There are no Company shareholders possessing special control rights; the Company's ordinary non-certificated shares grant equal rights to all shareholders of the Company.

The Company does not have any further information about any agreements between shareholders due to which the shareholders' and/or voting rights might be limited.

10.1. Distribution of the Company's Shareholders by Country of Residence and Legal Form

Investors	**Number of shares**	**Portion in the authorized capital and voting rights, %**
Non-resident investors	118,784,040	74,73
Companies	117,437,989	73,89
Individuals	1,346,051	0,85
Resident investors	40,156,358	25,27
Companies	10,373,395	6,53
Individuals	29,782,963	18,74
Total	**158,940,398**	**100,00**

The shareholders controlling more than 5% of the Company's shares and/or votes as at 30 June, 2021:

	Number of shares held	**Portion in the authorized capital, %**
Akola ApS (public company, Code 2517487; registration address: Thistedvej 68, st., 9400 Norresundby, Denmark)	109,909,167	69,15
Darius Zubas	17,049,995	10,73
UAB INVL Asset Management (private limited liability company, Code 126263073; registration address Gynėjų St. 14, Vilnius, Lithuania)	9,087,369	5,72

11. Bodies of the Company

According to the AB Linas Agro Group Articles of Association, the Company's bodies shall be as follows:

- The general Meeting of Shareholders;
- The Board;
- The Head of the Company (Managing Director).

General Meeting of Shareholders is the supreme body of the Company. The procedure for the convening and organization of a General Meeting of Shareholders, and for passing decisions is established in the Law on Companies of the Republic of Lithuania.

The Company's Board shall be elected by the Company's General Meeting of Shareholders. The Company's Board consists of 7 (seven) members to be elected for a period of 4 (four) years. The number of terms of Board members shall be unlimited. The Company's Board shall be responsible for the strategic management of the Company and other essential management functions.

The Supervisory Board shall not be formed in the Company.

The Head of the Company shall be the single-person management body of the Company. In his/her activities, the Head of the Company shall follow laws, other legal acts, the Articles of Association, decisions of the General Meeting of Shareholders and the Board, and his/her office regulations.

As from 28 October 2010 the Company has an Audit Committee which is re-elected each 4 years. Audit Committee is responsible for implementing risk management system related to composition of consolidated financial statements. The Audit Committee consists of 3 members.

The members of the bodies of AB Linas Agro Group have never been convicted for the property, management procedures and financial offences.

11.1. General Meeting of Shareholders

During the reporting period, one ordinary annual general meeting of shareholders of the Company was held on November 23, 2020 and was attended by the shareholders of the Company holding 94.82% of all voting shares of the Company.

11.2. Board of the Company

The Board of the Company was elected by the Company's Extraordinary General Meeting of Shareholders on 1 June 2018. The Member of the Board Darius Jaloveckas resigned from the post on September 3, 2019, and the number of the Company's Board members was 6 as at 30 June 2020. The Company does not have independent members of the Board.

18 meetings of the Board have been organized and held during the financial year 2020/2021, members of the Board attended them 100 percent, including the voting ballots submitted by members of the Board in advance.

The members of the Board (as at 30 June, 2021):

Name	Position within the Board	Cadence starts	Cadence ends	Number of the Company's shares held
Darius Zubas	Chairman	1/6/2018	31/5/2022	17,049,995
Andrius Pranckevičius	Deputy Chairman	1/6/2018	31/5/2022	1,000
Dainius Pilkauskas	Member	1/6/2018	31/5/2022	480,281
Tomas Tumėnas	Member	1/6/2018	31/5/2022	2,200
Arūnas Zubas	Member	1/6/2018	31/5/2022	480,281
Jonas Bakšys	Member	1/6/2018	31/5/2022	3,400,000

Darius Zubas (b. 1965) - the main founder of the Group. Graduated from Veterinary Academy of Lithuanian University of Health Sciences in 1988.

Andrius Pranckevičius (b. 1976) - A Bachelor's degree in Business Administration in 1998, Master's degree in Marketing Management in 2000 at Kaunas University of Technology. Joined the Group in 1999.

Dainius Pilkauskas (b. 1966) - Master's degree in Animal Science at Veterinary Academy of Lithuanian University of Health Sciences in 1991. Employed within the Group since 1991.

Tomas Tumėnas (b. 1972) - Master's degree in Economics at Vilnius University and a certificate in International Business Economics from Aalborg University in 1995. Master's degree in Business Administration at Manchester Business School, The University of Manchester in 2011. Employed within the Group in 2001-2020.

Arūnas Zubas (b. 1962) - Master's degree in Chemical Technology at Kaunas University of Technology in in 1985. He was employed within the Group from 1995 to 2005.

Jonas Bakšys (b. 1975) - Bachelor's degree in International Economics at Concordia University (USA) in 1997, Master's degree in Business Administration at University of Surrey (UK) in 2003. Joined the Group in 2004.

Board members controlling more than 5% of other Companies shares and votes:

Name	**Participation in other Companies authorized capital**
Darius Zubas	UAB Darius Zubas Holding 100%; UAB MESTILLA 14.3%.
Jonas Bakšys (joint community property with spouse together))	UAB Vividum 100%; Dvi T, UAB 100%

Andrius Pranckevičius, Arūnas Zubas, Dainius Pilkauskas and Tomas Tumėnas do not have more than 5% of shares in the other companies.

Activities of the Board Members in Other Companies

as at 30/6/2021:

Person	**Company name, code of legal entity, address**	**Position**	**Since**
Darius Zubas	***Companies of the Group:***		
	AB Linas Agro, entity 147328026, Smėlynės St. 2C-3, Panevėžys, Lithuania	Chairman of the Board	2006
	AS Putnu Fabrika Kekava, 50003007411, Kekava, Kekava District, Latvia	Chairman of the Council	2014
	SIA Lielzeltini, 40003205232, "Mazzeltini", Janeikas, Bauskas District, Latvia	Chairman of the Council	2015
	UAB Dotnuva Baltic, 261415970, Parko St. 6, Akademija, Kėdainiai District, Lithuania	Member of the Board	2019
	UAB Linas Agro Konsultacijos, 248520920, Žibuoklių St. 20, Kėdainiai, Lithuania	Deputy Chairman of the Board	2020
	Other companies:		
	UAB Darius Zubas Holding, 305363909, Subačiaus St. 5, Vilnius, Lithuania	Chairman of the Board	2019
	UAB MESTILLA, 300097027, Kretainio St. 5, Klaipėda, Lithuania	Chairman of the Board	2006
Andrius Pranckevičius	***Companies of the Group:***		
	AB Linas Agro, 147328026, Smėlynės St. 2C-3, Panevėžys, Lithuania	Deputy Chairman of the Board Member of the Board	2018 2006
	AS Putnu Fabrika Kekava, 50003007411, Kekava, Kekava district, Latvia	Chairman of the Board	2015
	SIA Lielzeltini, 40003205232, "Mazzeltini", Janeikas, Bauskas District, Latvia	Chairman of the Board	2015

Person	Company name, code of legal entity, address	Position	Since
Andrius Pranckevičius cont.	SIA Cerova, 43603019946, Centra St.. 11, Musa, Ceraukstes par., Bauskas District, Latvia	Chairman of the Board	2015
	SIA Broileks, 50103262981, Gaismas St. 2A-48, Kekava, Latvia	Chairman of the Board	2015
	UAB Linas Agro Konsultacijos, 248520920, Žibuoklių St. 20, Kėdainiai, Lithuania	Chairman of the Board	2020
	Other companies:		
	AB Ignitis Grupė, 301844044, Žvejų St. 14, Vilnius, Lithuania	Member of the Supervisory Board	2017
	Latvian Poultry Association, 50008102661, Republikas laukums 2-518, Rīga, Latvia	Member of the Council	2021
Dainius Pilkauskas	***Companies of the Group:***		
	AB Linas Agro, 147328026, Smėlynės St. 2C, Panevėžys, Lithuania	Trade Director for Baltic States	2006
		Member of the Board	2006
	SIA Linas Agro, 53603019011, 'Baltijas Ceļš', Brankas, Cenu District, Jelgava municipality, Latvia	Member of the Council	2020
Tomas Tumėnas	***Other companies:***		
	Akola ApS, 25174879, Thistedvej 68, st., Norresundby, Denmark	Director	2018
	UAB Baltic Fund Investments, 111587183, Labdarių St. 5, Vilnius, Lithuania	Director	2003
	UAB Darius Zubas Holding, 305363909, Subačiaus St. 5, Vilnius, Lithuania	Member of the Board, Director	2019
	UAB EPSO-G, 302826889, Gedimino av. 20, Vilnius, Lithuania	Independent Member of the Board	2019
	UAB Limedika, 134056779, Gedimino St. 13, Kaunas, Lithuania	Finance director	2020
	KU Saulėgrąža, 302894776, Senasis Ukmergės Road 4, Užubalių k., Vilnius District, Lithuania	Member of the Supervisory Board	2020
	UAB Nacionalinė Farmacijos Grupė, 300946701, Erdvės St. 51, Ramučių k., Kaunas District, Lithuania	Member of the Board	2020
	UAB PICUKĖ, 302557830, Ignalina District Municipality domain, Lithuania	Director	2021
Arūnas Zubas	***Companies of the Group:***		
	AB Linas Agro, 147328026, Smėlynės St. 2C-3, Panevėžys, Lithuania	Member of the Board	2006
	AS Putnu Fabrika Kekava, 50003007411, Kekava, Kekava District, Latvia	Deputy Chairman of the Council	2018
		Member of the Council	2015
	SIA Lielzeltini, 40003205232, "Mazzeltini", Janeikas, Bauskas District, Latvia	Deputy Chairman of the Council	2018
		Member of the Council	2015
	Other companies:		
	UAB MESTILLA, 300097027, Kretainio St. 5, Klaipėda, Lithuania	Deputy Chairman of the Board	2018
		Managing Director	2005

Person	Company name, code of legal entity, address	Position	Since
Jonas Bakšys	***Companies of the Group:***		
	AB Linas Agro, 1473 28026, Smėlynės St. 2C-3, Panevėžys, Lithuania	Finance Director	2018
		Member of the Board	2018
	SIA Lielzeltini, 40003205232, "Mazzeltini", Janeikas, Bauskas District, Latvia	Member of the Council	2018
	AS Putnu Fabrika Kekava, 50003007411, Kekava, Kekava District, Latvia	Member of the Council	2018
	UAB Dotnuva Baltic, 261415970, Parko St. 6, Akademija, Kėdainiai District, Lithuania	The Deputy Chairman of the Board, CEO	2019
	Linas Agro OU, 16071924, Savimäe 7, Vahi, Tartu Region, Estonia	Member of the Council	2020
	SIA Linas Agro, 53603019011, 'Baltijas Ceļš', Brankas, Cenu District, Jelgava municipality, Latvia	Deputy Chairman of the Council	2019
	SIA Dotnuva Baltic, 43603041881, 'Baltijas Ceļš', Cenu District,	Deputy Chairman of the Council	2019
	AS Dotnuva Baltic, 12019737, Savimäe 7, Vahi, Tartu District, Estonia	Member of the Council	2019
	Other companies:		
	UAB MESTILLA, 300097027, Kretainio St. 5, Klaipėda, Lithuania	Member of the Board	2018
	Lobiu Sala AS, 556671-6501, BERIT MÖLLER & CO, Brahegatan 30 7TR, Stockholm, Sweden	Member of the Board	2017

The Group has not granted any loans, guarantees or surety ships to the members of the Board that would ensure fulfillment of their obligations.

There are no separate agreements between the Company and its Board members that would provide for any compensations in case of their resignation or dismissal without a justified reason.

11.3. The Head of the Company

The Head of the Company (Managing Director) is Darius Zubas, he is also the Chairperson of the Board.

The Head of the Company did not change during the reporting period, ended 30 June, 2021.

11.4. Management of the Company

Details of the Company's Management remained unchanged during the reporting period.

Company Management as of 30 June 2021:

Position	Managing Director	Deputy Managing Director	Finance Director
Name and surname	Darius Zubas	Andrius Pranckevičius	Mažvydas Šileika
Employed since	01/09/1996	19/11/2009	15/4/2020
Number of the Company's shares held	17,049,995	1,000	–

The Management of the Company work under open-ended contracts of employment.

Information about Darius Zubas and Andrius Pranckevičius is provided in the chapter *11.2. Board of the Company.*

Mažvydas Šileika (b. 1990) graduated from the University of Leeds in 2012 with a Bachelor of Management degree, in 2013 he graduated from City University London Cass Business School with a Master of Science (MSc) in Shipping, Commodity Trading and Finance. Before joining the Group in April, 2020, he worked for SEB Bank for six years, most recently as Head of Bond Issuance Division for the Baltic States.

Since 2020 Mažvydas Šileika is also a Member of the UAB Linas Agro Konsultacijos (code 248520920, Žibuoklių g. 20, Kėdainiai, Lithuania) Board, though at the end of the reporting period was not employed by the other companies of the Group.

During the reporting period the Company's management remuneration amounted to EUR 776 thousand). They did not receive bonuses for working on the boards of the other companies of the Group.

There are no separate agreements between the Company and its employees that would provide for any compensations in case of their resignation or dismissal without a justified reason.

11.5. Committees Formed by the Company

Since 28 October 2010 Audit Committee is formed by the Company, the members of the Committee are elected for the term of office of 4 (four) years. The Audit Committee is responsible for the implementation of risk management systems related to the preparation of consolidated financial statements. The term of office of the members of the Audit Committee started on October 31, 2018 and will end on October 30, 2022.

The Audit Committee consists of 3 members, two of whom are independent:

Andrius Drazdys - independent member of the Audit Committee. Employed at UAB VMG Food as a Chief Finance Officer. Does not own shares of the Company.

Agnė Preidytė - independent member of the Audit Committee. Employed at UAB Ermitažas as Head of Supply Chain Department. Does not own shares of the Company.

Irma Antanaitienė – member of the Audit Committee. Employed at AB Linas Agro as Accountant. Does not own shares of the Company.

12 Information about Trade in the Company's Securities in Regulated Markets

During the reporting period from 1 July 2020 to 30 June 2021, all 158,940,398 ordinary registered shares of the Company were included in the Official List of AB Nasdaq Vilnius Stock Exchange (ISIN Code of the shares is LT0000128092). The ticker of the shares on AB Nasdaq Vilnius Stock Exchange is LNA1L. Trading in the Company's shares on AB Nasdaq Vilnius Stock Exchange started on 17 February 2010.

On July 24, 2017, the Company have signed the agreement of the Issuer's securities accounting management contract with AB Šiaulių Bankas, represented by the Securities Transactions Division (code 112025254, address: Šeimyniškių St. 1A, LT-09312 Vilnius).

The securities of the subsidiaries of the Company are not traded on regulated markets.

12.1. Trade in the Company's Shares

Information on the automated execution transactions, prices of shares sold on AB Nasdaq Vilnius Stock Exchange and turnovers during the period from 1 July 2020 to 30 June 2021:

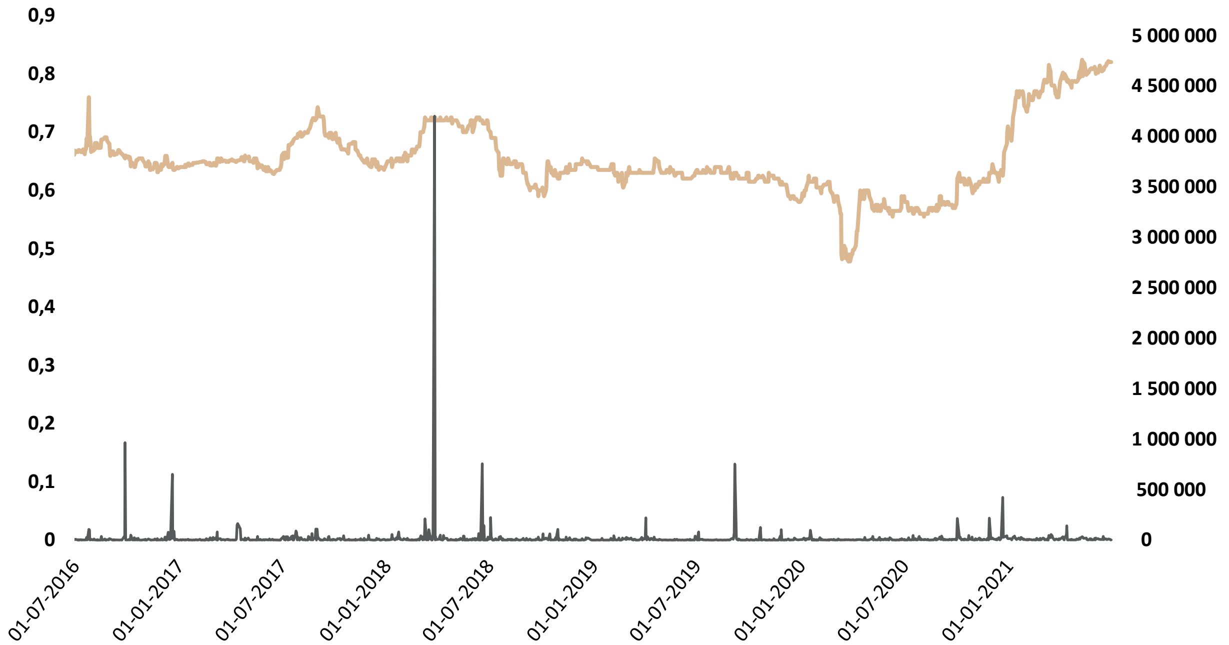
Year and quarter	Price EUR				Turnover EUR		Last trading days of the period			Total turnover	
	Opening	Max	Average	Min	Max	Min	Price EUR	Turnover EUR	Date	Units	EUR
2020 III	0.580	0.590	0.571	0.555	46,041	0	0.575	2,601	30/9/2020	769,908	439,057
2020 IV	0.575	0.710	0.623	0.580	423,058	0	0.710	15,530	30/12/2020	2,489,398	1,551,362
2021 I	0.710	0.815	0.762	0.685	56,042	0	0.775	3,212	31/2/2021	937,667	718,132
2021 II	0.776	0.824	0.802	0.776	141,298	0	0.820	1,319	30/6/2021	930,726	744,729

12.2. Capitalization of the Company's Shares

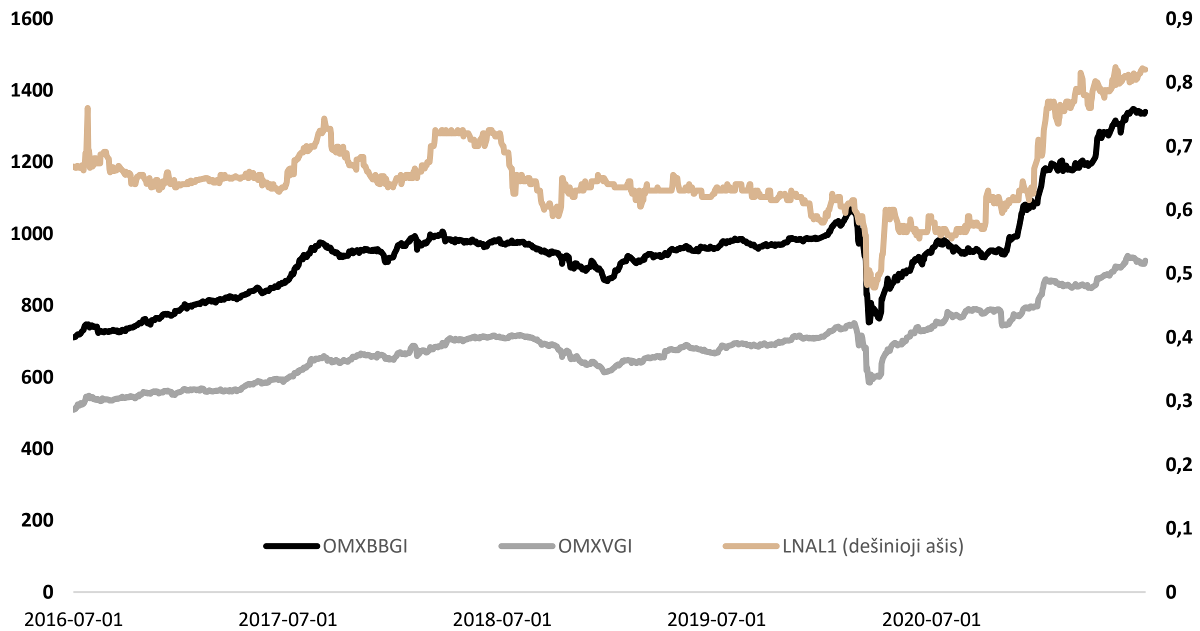
Date	Capitalization, EUR	Share Price, EUR
30/9/2020	91,390,728.85	0.575
31/12/2020	112,847,682.58	0.710
31/3/2021	123,178,808.45	0.775
30/6/2021	130,331,126.36	0.820

12.3. AB Linas Agro Group Share Price and Turnover

Information on changes in the prices of Company’s shares and turnover from 1/7/2016 until the end of the reporting period, i. e. 30 June 2021, is presented in the following diagram:



Information on the fluctuations of the Company's share price and OMX Baltic Benchmark GI (OMXBBGI) and OMX Baltic Vilnius GI (OMXVGI) indices from 1/7/2016 until the end of the reporting period, i. e. 30 June 2021, is presented in the following diagram:



13

Procedure for amending the Company's Articles of Association

The Company's Articles of Association shall be amended exclusively by the general meeting of shareholders under the Law of the Republic of Lithuania on Companies. Adoption of a decision to amend the Company's Articles of Association shall be the jurisdiction of the Company's General Meeting of Shareholders subject to a qualified majority of 2/3 of votes of the shareholders participating in the Meeting, with the exception of cases specified in the Law of the Republic of Lithuania on Companies.

14

Essential Agreement to which the Company is a Party and which may be important in Case of Change in the Control of the Company

During the reporting period, no essential agreements to which the Company is a party and which entered into force were amended or expired in case of change in the control of the Company were concluded.

15

Major Transactions with Related Parties

Major transactions of the Company with related parties are provided in Note 31 of the Explanatory Note to the Consolidated Annual Financial Statements for 2020/21 financial year.

16

Information about the Corporate Governance

The Company complies with the company management procedures stipulated in the Law of the Republic of Lithuania on Companies. The Company complies with the essential management principles for the companies listed on Nasdaq Vilnius. The managing bodies of the company are the General Meeting of Shareholders, the Board of the Company and the Head of the Company (Managing Director). The Company does not have the Supervisory Board. The Company's Board consists of seven members elected for a period of four years, but the Chairman of the Board is also the Head of the Company (Managing Director). The Company has the Audit Committee.

The information about the Corporate Governance is disclosed in Annex 1 to this Annual Report.

17

Social Responsibility of the Group

The Group strives to be the best agribusiness and food production group in the Baltics. Guided by its mission and values, the Group implements its social responsibility through targeted activities in the market and social projects.

The Group's activities cover areas related to agriculture and the food industry. The business model of the Group is described in paragraph 4.1 of this report, while the business running companies, products and services are detailed in paragraph 5.5.

The Company adheres to the ten principles of the UN Global Compact, on the basis of which it has adopted its Corporate Social Responsibility Policy, and all companies of the Group, as well as their employees, must follow this policy. Its summary is published on the website of AB Linas Agro Group.

The Corporate Social Responsibility Policy of the Group stipulates that the employees of the Group shall communicate and coordinate their interests with various stakeholders: customers, employees, business partners, competitors, shareholders, governments, regulatory authorities and local

communities. It is based on the following principles: assurance of the employees' rights, safety and health, respect for human rights and privacy, an ethical and transparent manner of doing business, responsibility for the environment, assurance of the wellbeing of people and animals, and anti-corruption as well as a harmonious relationship with our partners and the society.

The Corporate Social Responsibility Policy of the Group consists of:

- Occupational Safety and Health Policy;
- Non-Discrimination Policy;
- Human Rights, Child Labor and Forced Labor Policy;
- Anti-Bribery and Anti-Corruption Policy;
- Animal Welfare Policy;
- Environmental Protection Policy;
- Personal Data Protection Policy;
- Code of Business Ethics;
- Partner Code of Ethics.

Violations of any of the Group's policies or codes can be safely reported by email to info@linasagrogroup.lt.

17.1. Relations with Employees

The Group had an average of 2,122 employees during the reporting period. The distribution of employees by position, gender, education, country and average salaries are described in chapter 8 of this Report.

In its relations with employees, the Group is guided by the laws, as well as the values and policies of the Group: the Occupational Safety and Health Policy, Non-Discrimination Policy, Human Rights, Child Labour and Forced Labour Policy, and Personal Data Protection Policy.

During the reporting period, the Group did not record any violations concerning human rights or personal data protection, as well as violations concerning discrimination based on race, gender, religion, political beliefs, nationality, social origin or other grounds.

Works councils operate in the following companies: AB Linas Agro, UAB Linas Agro Grūdų centrai, UAB Dotnuva Baltic, and the representative of the employees of UAB Jungtinė ekspedicija has been elected since 2008. In addition, Dotnuva Baltic has elected divisional employee representatives for occupational safety and health who participate in accident investigation and ccupational risk assessment.

The COVID-19 pandemic did not lead to job losses and efforts were made to retain all workers and to provide opportunities for remote and flexible working. Those who could not work remotely worked in compliance with special safety measures and using personal protective equipment. Disinfection and ventilation of the premises were carried out on a regular basis, direct contacts with customers were reduced, the temperature of incoming employees was measured, and the work shifts were arranged, and employee flows regulated so as to avoid any unnecessary contacts.

At the initiative of the works council of UAB Dotnuva Baltic, taking into consideration the needs of the employees, an additional temperature measuring station was installed during the quarantine so that the employees have a more convenient access to the company's area.

Employees of the companies of the Group are provided with social guarantees. The Group has adopted a uniform policy concerning employee benefits for all companies fully (100 percent) managed by the Group. Based on the policy, the benefits are granted in the event of the death of a family member or a close relative of an employee, and in the event of the loss of a breadwinner; a gift is awarded in the following cases: a child is born to an employee; employee's graduation; employee's anniversary. In total, the Group spent nearly EUR 105,000 on employee benefits.

Employees of the Group are provided with opportunities to study, improve their qualifications, and participate in various seminars and trainings both in Lithuania and abroad. The companies of the Group do not have an approved employee training system and the trainings are organised based on a specific need and relevance of the topic. During the reporting period, 462 employees of the Group participated in external trainings and nearly 62 thousand euros were allocated for their professional development. Quite a number of internal trainings took place as well. Apart from that, 13 employees improved their English language skills through participation in the INVEGA trainings under the Competence Voucher measure of the Operational Programme for the EU Funds' Investments.

The Group strives to ensure a proper physical, psychological and social health of employees in the workplace, as well as to create a healthy, safe and productive work environment. Employees of the companies of the Group are provided with the opportunity to use the necessary medical services, and the employees who have worked in the Group for a year are covered by voluntary health insurance. During the reporting period, a total of 1,406 employees were insured,

and the Group allocated 373 thousand Euro for that purpose.

The Group makes contributions to the future stability of its employees from its own funds: 88 employees of the Group participate in the pension accumulation programme - they have concluded individual pension accumulation agreements. The employer allocates to the employees a similar amount to the accumulation of pensions. During the reporting period, the Group allocated over 54 thousand euro for that purpose.

The Company has entered into the share option agreements with some of its employees. Further information on this matter is disclosed in Item 9 of this Report and Note 28 to the Financial Statements.

In the Group, which had 2,102 employees at the end of the reporting period, 17 accidents took place during the reporting period but none of them involved serious injuries. The majority of such accidents, totalling nine accidents, took place in AS Putnu fabrika in Latvia. To reduce the number of accidents, the company reassesses workplace risks, carries out repeat briefings at the workplace, conducts trainings and distributes protective equipment.

Almost all companies of the Group have improved the working conditions of employees: repaired premises, changed workplace lighting, replaced furniture with more ergonomic one, some of the companies installed additional sanitary units and air conditioning systems, changing rooms and rest areas. In grain elevators, clothes washing and drying machines were purchased for the convenience of employees.

As in previous years, seven employees of the Group showed signs of occupational diseases. Four of them worked in poultry companies in Latvia and three in an agricultural company. Companies whose employees have suffered from occupational diseases as well as other companies of the Group have taken various measures, such as employee training, professional development, implementation of occupational safety culture, internal control and inspections, and other, to prevent accidents at work or occupational diseases in the future. Adequacy of the work clothing, footwear and personal protective equipment used by employees is reviewed as well as safer cars and loading equipment are purchased.

Latvian poultry companies purchased a robot for the performance of heavy loading work. UAB Linas Agro Grūdų centrai, an elevator management company, acquired a modern pallet wrapper, which significantly facilitated the work of employees at the chemicals warehouse.

17.2. Relations with the Public, Partners, and the State

In relations with the public and the partners, the Group adheres to the Anti-Bribery and Anti-Corruption Policy and Code of Business Ethics, respects the privacy of an individual and strives to ensure that partners of the Group comply with the Code of Conduct for Partners.

The companies of the Group actively participate in the activities of various branch and professional associations and are the active members of th following organizations:

- Estonian Seed Association;
- The Estonian Chamber of Agriculture and Commerce;
- Grain and feed Trade Association (GAFTA);
- Klaipėda Chamber of Commerce, Industry and Crafts;
- Latvian Egg and Poultry Producers Association;
- Latvian Federation of Food Processing Businesses;
- Latvian Association for People Management
- Latvian Chamber of Commerce and Industry;
- Latvian Seed Producers Association;
- Latvian Agricultural association for producers and traders of agricultural machinery;
- Lithuanian Agrochemical Products and Fertilizers' Industry and Trade Association;
- Lithuanian Plant Protection Association;
- Lithuanian Association of Planters and Ornamental Plants Growers;
- Lithuanian Cattle Breeders' Association;
- Lithuanian Grain Processors' Association;
- Lithuanian Association of Shipping Agents and Freight Forwarders;
- Lithuanian Marketing Association;
- Lithuanian Association of Poultry growers;
- Lithuanian Seed Producers Association;
- Lithuanian Association of Agricultural Companies;
- Lithuanian Agricultural Machinery Association;
- Several associations for users of drainage systems;
- Panevėžys Chamber of Commerce, Industry and Crafts;
- Association of Business Effectivity (Latvia).

No manifestations of bribery or corruption were recorded in the Group. Although the companies of the Group comply with the laws, some fines were nevertheless imposed by public authorities during the reporting period. After receiving a complaint, the State Labour Inspectorate of the Republic of Lithuania recorded a violation of the Labour Code in UAB Dotnuva Baltic and non-compliance with the rest time regime in the service department and seed factory. A fine of EUR 120 was imposed on the head of the company for this administrative misconduct. After that, the company revised its work schedules and signed new agreements that allow employees to work longer legally, as well as increased its focus on the controls aimed at ensuring compliance with the maximum working time requirements. Non-compliance with fire safety requirements was established in the elevator of SIA Linas Agro Graudu Centrs in Latvia, where the detected problem is being eliminated according to the established schedule and deadlines.

The Group actively cooperates with local communities, participates in cultural, civic and educational projects carried out by them, as well as communicates with farmers' and municipal organisations. For example, AS Putnu fabrika Kekava is actively involved in the Cities4CSR working group of the Kekava Municipality, the aim of which is improving the local community's life and environment.

The Group has a support policy, a summary of which is published on the website of AB Linas Agro Group.

The companies of the Group have several permanent social partners: the Agricultural Academy of VMU (Dotnuva Baltic has been a patron of this institution since 2004), Panevėžys Gymnasium 5, Kekava Municipality Sports Department (public health projects are supported), and the Latvijas Labdarības Banka charity organisation in Latvia. The Group continues to support the Ghetto Games, a popular Latvian social movement, which promotes the involvement of the young in sports activities and pursuance of healthy living, as well as participates in the Ēstprieks programme implemented at the Children's Clinical Hospital in Latvia, providing products to ensure a healthier food for the children at the hospital.

During the reporting period, the companies of the Group allocated a total of EUR 140,000 to support various projects. The largest amount, totalling nearly 79,000 euro was given to support educational projects related to the commemoration of Lithuanian historical and cultural figures and the organisation of activities of regional museums. Nearly 26,000 euro were allocated to the poor, the disabled and their organisations, and children's health care facilities. Almost 14,000 euro were allocated for cultural, sports and local

community events, and 7,500 euro for scholarships. Support for hospitals and their staff fighting COVID-19 reached 5,000 euro and the same amount was allocated for public health projects. A sum allocated to farmers' organizations and similar organisations totalled 2,450 euro.

Employees of the Group participate in volunteering activities selected by them independently, such as the activities of the Rugutė Foundation for Children with Cancer and the Fulfil a Dream and Cake Day campaigns. Due to the COVID-19 pandemic, volunteering activities were limited.

The agricultural companies and grain elevators of the Group support local communities with their work and available equipment.

17.3. Environmental responsibility

The companies of the Group make a significant impact in the areas of their operation, therefore, they are concerned about the effects of their activities on the environment.

Majority of the companies of the Group monitor the use of all types of fuel, electricity and water, however, not all companies track paper consumption, as the consumption of paper in the Group has decreased significantly due to digitization of documents and reduction of print advertising, and are therefore considered insignificant. However, there is no possibility to abandon paper documents completely, as customers are not inclined to sign contracts electronically.

Several companies operate in rented premises and do not have electricity, heating and water metering devices, as well as some of the companies were sold during the reporting period and one new company was established in Estonia, therefore, the change in the figures representing the Group's consumption of resources cannot be estimated based on the respective figures of previous years. However, all large subsidiaries engaged in production compute and analyse these indicators. The energy consumption (electricity and gas) by the Group during the reporting period, taking into account only the companies controlled by the Group at the end of the reporting period, exceeded 132,000 MWh and was 19 percent higher compared to the last year, the car fuel consumption totalled 3.67 million litres, which marked an increase by 8 percent, and water consumption exceeded 76,000 cubes, which marked an increase by 50 percent. The

consumption of these resources was boosted by a strong sales growth, which was mainly due to higher volumes of grain prepared for export. The transition from diesel cars to petrol cars that cause less pollution also led to an increased fuel consumption.

The best results during the reporting period were achieved in saving electricity or replacing it with 'green' energy. Dotnuva Baltic has installed 2 units of heat pumps that are used as heating devices during the transition season to replace electric radiators. Agricultural companies purchase 100 percent 'green' electricity (3.5 million kWh), which is also used by the Group's grain elevators and other companies in Lithuania, and, as of the next financial year, the poultry companies in Latvia will switch to 'green' electricity use as well.

Majority of luminaires are gradually being replaced by more economical LED luminaires. Recuperation systems are used in the farms of Lukšiai ŽŪB in Šakiai district and in Putnu Fabrika Kekava, a poultry company operating in Latvia. Companies are making every effort to make use of the night electricity.

In Latvian poultry farms, meters (wastewater, water, gas) are installed for different production processes in order to analyse the possibilities for reducing the consumption of resources. Companies reduced the amount of waste by 10% and increased the efficiency of water use in production by 15%. The agricultural companies of the Group have implemented a system for tracking the machinery movement and fuel consumption.

UAB Linas Agro Grūdų Centrai, an elevator management company, has acquired a modern pallet wrapper, which not only allows to improve the quality of packaging but also saves packaging materials. Forklifts with internal combustion engines have been replaced with electric forklifts to prevent air pollution.

In carrying out its activities, the Group acts in compliance with the environmental protection laws of the countries in which it operates and with the Environmental Protection Policy of the Group. However, in the financial year ended, there were cases of non-compliance with the laws in the companies of the Group. Poultry farms were imposed a fine of 107,000 euro by the Latvian state enterprise Rīgas Ūdens for excessive amounts of pollutants in wastewater. Sidabravas ŽŪB was imposed a fine of 12,000 euro for water extraction without a permit to use subsoil resources to be issued by the Lithuanian Geological Survey. Following an inspection carried out by the controlling authorities in Latvia, it was established that the elevators of SIA Linas Agro Graudu Centrs

need category C and B permits to carry out their activities. The required permits have already been obtained.

In order to protect the environment, the companies of the Group select more products without packaging or with recycled packaging, as well as make every effort to make use of already used paper for printing internal documents.

Paper, plastic, glass, metal, and hazardous waste are sorted out in the companies, and these secondary raw materials are delivered to the agencies engaged in their management. The accounting of secondary raw materials is maintained through the GPAIS (a unified product, packaging and waste accounting information system). Several production companies sort out packaging wood. The companies of the Group have agreements concluded with the following waste management enterprises: Ekonovus, UAB; Ecoservice, UAB; Ecoservice projektai, UAB; Nuotekų valymas, UAB; Marijampolės švara, UAB; Ekovalda, UAB; Žalvaris, UAB; Virginijus ir ko, UAB; Zaļā Josta, SIA; BAO, AS; LAUTUS, SIA; Clean R, SIA; Eko Kurzeme, SIA; ZAAO, SIA; Ragn Sells and other. Feed waste is sold to Tiekesto, UAB for sustainable energy production.

Agricultural companies voluntarily use measures to reduce nitrogen leaching from the soil into groundwater, as well as measures to reduce the release of unpleasant odours from manure or slurry.

The company applies a special dust reduction measure to the gravel road near the Šiauliai elevator so that the residents of the gardeners' community situated nearby do not feel any inconvenience due to the dust generated by the vehicles of the farmers carrying grain.

Noise suppressors are installed next to the grain elevator in Kartena to reduce the noise produced by the dryer during the grain acceptance season.

Employees of Labūnava agricultural company in Kėdainiai district organised a campaign in their residential area: they cleaned a 23-kilometer section of the road from litter, sorted it out and handed over to the waste management centre, as well as planted 374 trees. In the spring, employees of the Sidabravas agricultural company managed the roads, roadside ditches, outer woods in the area of the company, collected litter, and planted 175 trees, which they plan to continue to foster further.

The teams of grain elevators also organised campaigns to take care of the surroundings of their production facilities.

Annex to
Consolidated Annual Report of
AB Linas Agro Group
of Financial Year 2020/2021

Corporate Governance Report

AB Linas Agro Group (hereinafter referred to as the "Company"), acting in compliance with Article 22 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

Summary

The governing bodies of the Company are the General Shareholder's Meeting, the Board and CEO. The Company does not have a Supervisory Council. The Company has the Audit Committee. The Remuneration Committee and the Nomination Committee are not formed in the Company.
The Board elects and recalls CEO of the Company, sets his/her remuneration and other conditions of the employment agreement.

Disclosure of compliance with the Recommendations

Principle 1 : General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights

The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	The Company's documents and other information required by the legal acts are available on the Company's website www.linasagrogroup.lt and via informational system of stock-exchange Nasdaq Vilnius. All shareholders have the equal rights to participate in the General Meetings of Shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	The share capital of the Company consists of ordinary registered shares, that gives equal rights to each shareholder.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Articles of Association of the Company, stipulating all the rights of shareholders, are publicly available on the Company's webpage in Lithuanian and English languages.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES	The shareholders approve all the transactions that, following the Law on Companies and the Articles of Association of the Company, should be approved by the shareholders.
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	The company convenes general shareholders' meetings and implements other related procedures in accordance with the procedure established in the Law on Companies of the Republic of Lithuania and provides all shareholders with equal opportunities to participate in the meeting, get familiarised with the draft resolutions and materials necessary for adopting the decisions.. The notice of the general meetings of shareholders shall specify the date the shareholders may submit the proposed draft resolutions in writing. On November 23, 2020, the shareholders' meeting was held by voting in advance by filling in the general ballot papers in writing, as the quarantine announced by COVID-19 restricted the gatherings.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof	YES	The notice of the general meeting of shareholders and all related documents and information are published in advance in Lithuanian and English via regulatory news dissemination system and on the Company's website. After the general meeting of shareholders, information related to the meeting are publicly announced: number of participants, number of votes, information on the submitted advance

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.		General Voting Ballots, adopted resolutions and voting results.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	Shareholders of the Company may exercise their right to vote in the general meeting in person or through a representative upon issuance of proper proxy or having concluded an agreement on the transfer of their voting rights in the manner compliant with the legal regulations, also the shareholder may vote by completing the General Voting Ballot in the manner provided by the Law on Companies.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	NO	In the future the Company will discuss such possibilities by taking into account necessary financial resources, current legal regulations and objective distribution of the Company's shareholders as well as their wishes. So far there were no such requests received from the shareholders of the Company.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial	YES	The nominees to the Board and all information about their educational background, work experience and other positions held are each time publicly announced when general meeting of shareholders is convened to elect the Board members. The suggested amount of annual compensation (tantiemes) to the Board members is provided in the draft of the Profit allocation statement presented to the General Meeting of shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
positions held (or proposed) should be provided.		The name of proposed audit company and proposed remuneration for the audit services are presented in advance as a draft decision for the General Meeting.
1.10. Members of the company's collegial management body, heads of the administration[1] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	NOT APPLICABLE	On November 23, 2020, the annual general meeting of shareholders of the Company was held by voting in advance by writing, filling in the general ballot papers.

Principle 2 : Supervisory board

2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their	NOT APPLICABLE	The Supervisory Council is not formed in the Company.

[1] *For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
interests, having regard to the interests of employees and public welfare.		
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	NOT APPLICABLE	
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	NOT APPLICABLE	
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent[2] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	NOT APPLICABLE	
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	NOT APPLICABLE	

[2] For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	NOT APPLICABLE	

2.2. Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	NOT APPLICABLE	
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	NOT APPLICABLE	
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides	NOT APPLICABLE	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.		
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	NOT APPLICABLE	
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	NOT APPLICABLE	

Principle 3 : Management Board

3.1. Functions and liability of the management board

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	As there is no Supervisory Council in the Company, the Company's Board performs supervisory functions set by the Law on Companies of the Republic of Lithuania and approves the Company's strategy.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where	YES	The Board performs the specified functions through regular meetings.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
the supervisory board is not formed in the company, it performs *inter alia* the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.		
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	The Board performs the specified functions through regular meetings.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[3] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES	The Company implements the recommendations of good practice through the Social Responsibility Policy, which is published on the Company's website.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	

[3] *Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance:* *https://www.oecd.org/daf/anti-bribery/44884389.pdf*

3.2. Formation of the management board

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES (except gender diversity)	The members of the Company's Board have experience in the fields, where the Company performs its main activities; also, all members have versatile knowledge in the fields of finance, economics, investment management and maintenance.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. If supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	The general meeting of shareholders shall be submitted the curricula vitae of the candidate members of the Board providing complete information of the respective candidate's educational background, professional experience and his/her competence. The information about members of the Board is on a regular basis updated and submitted in the annual reports prepared by the Company and on its internet website.
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	The Members of the Company's Board are familiarized with the Work regulations of the Board, their other duties. On the other hand, the Members of the Company's Board are long-term employees of the Group's companies; therefore, they are well aware of the Company's structure and activities.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	The Board is elected for the term of 4 (four) years with right to be re-elected.
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	NO	The head of the Company - Managing Director - and the Chairman of the Board is the same person. Managing Director reports to the Board of the Company thus the impartiality of the decision-making is ensured. Decisions are made in accordance with the procedure established by the Law on Companies and the Articles of Association of the Company, which clearly define the decision-making competencies and limits of the manager’s decision-making.
3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	YES	Members of the Company’s Board, each individually and all collectively, pay sufficient time and attention to have the function attributed to the competence of the Board duly performed. The members of the Board take part in the sessions, the time of which is agreed among the members so that all members of the Board could take part in the session. If any of the members cannot participate in the session due to a valid excuse, the conditions are arranged for the member to cast his advance vote in writing. During the 2020/21 financial year, the Members of the Company's Board were all 100 percent involved in making the decisions.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[4], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	There are no independent Board members in the Board of the Company.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	The General Meeting of the Company's Shareholders while approving the Profit allocation statement sets the annual compensations (tantiemes) to the members of the Board for their activity in the Board.
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements, and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	All members of the Board are acting in a good faith in respect of the Company, in the interest of the Company but not in the interest of their own or third parties, pursuing principles of honesty and rationality, following obligations of confidentiality and property separation.

[4] *For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	NOT APPLICABLE	So far there has been no practice in the Company for the Board to perform the assessment of its activities.

Principle 4 : Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the	YES	The Company's Board represents the shareholders of the Company and it is responsible for strategic management of the Company, regularly holds Board meeting, where the management team on a regular basis informs the Board about the Company's and Group's activity.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.		
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	YES	The Company's Board meetings are held according to the preliminary approved meeting schedule, once per month. In need, the sessions of the Board are held more frequently.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	YES	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	NOT APPLICABLE	

Principle 5 : Nomination, remuneration and audit committees

5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body	YES	The Company has formed the Audit Committee. According to the scope of the Company's activities, results and objective needs as well as the fact that the Board consists of 7 (seven) members, the Company is not in a need of establishment of other committees indicated in this recommendation though the foundation

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
should form the nomination, remuneration and audit committees[5].		of Nomination and Remuneration Committees will be considered in the future.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	YES	
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	NOT APPLICABLE	
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	YES	The Audit Committee is composed of three members, including two independent members. The Chairman of the Committee is an independent member.
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its	YES	The Audit Committee chooses its operation order and procedures autonomously and operates in accordance with the Regulations of the Audit Committee, approved on the General Meeting of the Company‘s Shareholders. The Company‘s Audit Committee activity report for the financial year is announced once per financial year, presented at the General Meeting of Company's

[5] *The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.		Shareholders, after the meeting together with other related documents is publicly announced on the Company's website. The Company also announces about the members of its Audit Committee in its Consolidated Annual Report.
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	YES	The Audit Committee is provided all conditions for holding meetings of the committee, furthermore, at the discretion of the committee, the employees responsible for the areas considered at the committee may be invited to meetings of the committee or requested to submit required information.

5.2. Nomination committee

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a	NOT APPLICABLE	The Nomination Committee is not formed in the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.		
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	NOT APPLICABLE	

5.3. Remuneration committee

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company’s remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	NOT APPLICABLE	The Remuneration Committee is not formed in the Company.

5.4. Audit committee

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[6]. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	The Audit Committee follows the functions assigned to it.
5.4.2. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	The members of the Audit Committee are being informed accordingly as per assigned functions.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	The Audit Committee has the necessary conditions to carry out its activities.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished	YES	

[6] Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.		
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	YES	
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	YES	

Principle 6 : # Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	The members of the Board avoid situations where their personal interests may conflict with the interests of the Company. The members of the Board abstain from voting or refuse to vote when the matter is related to his person.

Principle 7 : Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	November 23rd , 2020 General Meeting of Company's Shareholders approved the remuneration policy of AB Linas Agro Group, which defines the requirements and guidelines for determining the remuneration of the Company's Managing Director and members of the Board, as well as the requirement to regularly review this policy to comply with the Company's long-term strategy. The Company's remuneration policy is published on the Company's website.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	The recommendations are included in the Remuneration Policy of the Company.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	The recommendations are included in the Remuneration Policy of the Company.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component	YES	The recommendations are included in the Remuneration Policy of the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.		
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	NOT APPLICABLE	The financial incentive scheme is not included in the Remuneration Policy of the Company.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	YES	The recommendations are included in the Remuneration Policy of the Company.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	YES	The recommendations are included in the Remuneration Policy of the Company.

Principle 8 : Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	The Company performs its activities and is managed following the legal and other normative acts of the Republic of Lithuania, according to the reasonable and lawful interests of the community and the third parties, which do not contradict and do not cause the threat to violate the reasonable and lawful interests of the Company.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	All persons concerned and the third parties may access the publicly disclosed information about the activities of the Company via regulatory news dissemination system and on website of the Company. All persons concerned can address the Company's Investor Relations Specialist orally or in written form.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	All necessary information is available via regulatory news dissemination system and on website of the Company.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	NO	Such an option will be considered in the future.

Principle 9 : Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following[7]:		
9.1.1. operating and financial results of the company;	YES	The Company publishes interim reports and financial statements on operating and financial results on a quarterly basis.
9.1.2. objectives and non-financial information of the company;	YES	The Company publishes interim reports and financial statements on operating and financial results on a quarterly basis.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Information is disclosed in annual reports and/or financial statements and on the website.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	Information is disclosed in annual reports and/or financial statements.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	YES	Information is disclosed in annual reports and/or financial statements.

[7] *This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
9.1.6. potential key risk factors, the company's risk management and supervision policy;	YES	Information is disclosed in annual reports and/or financial statements.
9.1.7. the company's transactions with related parties;	YES	Information is disclosed in annual reports and/or financial statements.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	Information is disclosed in annual reports and/or financial statements and Remuneration Policy.
9.1.9. structure and strategy of corporate governance;	YES	Information is disclosed in annual reports and/or financial statements.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects.	YES	Information is disclosed in annual reports and/or financial statements.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	The Company supplies the information specified in this clause in its annual reports.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	The information specified in this clause is announced via regulatory news dissemination system and on the Company’s website in Lithuanian and English languages. The Company makes efforts to present all material events and information to investors not during the trade session, but before the session starts or after it ends.

Principle 10 : Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	The independent firm of auditors assesses the annual report and the annual statements.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	YES	The Board proposed audit firm to the general meeting of shareholders on 25 October, 2019, during this meeting, KPMG Baltics, UAB (code 111494971, 29 Konstitucijos Ave., Vilnius, Lithuania) was elected as the Company's audit company. The Board of the Company also intends to propose to consider the candidature of the audit company at the next General Meeting of Shareholders.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	Information is disclosed in annual reports.

AB Linas Agro Group Consolidated and Company's Financial Statements for the financial year 2020/2021

Ended June 2021

Prepared in accordance with
International Financial Reporting Standards,
as adopted by the European Union,
presented together with Independent auditor's report

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Independent Auditor's Report

To the Shareholders of AB Linas Agro Group

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

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

- the separate and consolidated statements of financial position as at 30 June 2021,
- the separate and consolidated statements of comprehensive income for the year then ended,
- the separate and consolidated statements of changes in equity for the year then ended,
- the separate and consolidated statements of cash flows for the year then ended, and
- notes to the separate and 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 unconsolidated and consolidated financial position of, respectively, the Company and the Group, as at 30 June 2021, and of their respective unconsolidated and consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

KPMG

Valuation of biological assets (consolidated financial statements)

The carrying amount of biological assets as at 30 June 2021: EUR 31,094 thousand (30 June 2020: EUR 30,987 thousand); gain from change in fair value of biological assets recognized in the year ended 30 June 2021: EUR 4,168 thousand (30 June 2020: EUR 5,834 thousand (gain)).

We refer to the separate and consolidated financial statements: Note 2.10 Biological assets, 2.27 *Use of significant accounting judgments and estimates in the preparation of financial statements*, Note 10 *Biological assets*

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

Biological assets consist of livestock (mostly milking cows and other cattle), crops and poultry (hatching chicken and meat broilers).
 	
As discussed in Note 2.10, the Group carried its biological assets at fair value less costs to sell. The Group determines the fair value internally, based on a number of methods, such as, among other things, discounted cash flow method for livestock, market prices based on expected harvest yield for crops, or, for hatching chickens, based on future value of the produced eggs less costs to maintain the chicken until end of its production period and slaughter costs.
 	
Relatively insignificant changes in the key assumptions applied in the above valuations may have a material impact on their outcome and the amounts recognized in the financial statements.
 	
Estimating fair value of biological assets requires significant judgment and complex assumptions. Due to that fact, as well as due to the magnitude of the amounts involved, the area required our increased attention in the audit and as such was considered by us to be our key audit matter.
	Our audit procedures, performed, where applicable, with the assistance from our own valuation specialists, included, among other things:
	- Obtaining understanding of the Group's process of measuring the fair value of biological assets and assessing the valuation methodologies used against the relevant requirements of the financial reporting standards and market practice;
	- Evaluating the design and implementation of selected internal controls relating to the valuation of biological assets, including those in respect of the management's validation of the key assumptions and of the outcome of the valuations;
	- Independently assessing the relevant historical and market information used in the valuation of the biological assets by inspecting publicly available sources and through inquiries of the Management Board;
	- Considering the results of the above procedure, challenging the valuation of biological assets, and the key assumptions therein. This included, among other things, challenging:
	  - For livestock - milk selling price, by reference to historical experience and publicly available market sources, and expected average productive life of a milking cow, by reference to historical experience,
	  - For crops – productivity for a given crop category, by reference to historical experience, and the expected sales price, by reference to future grain prices derived from publicly available market quotations,
	  - For hatching chickens - price of the incubation eggs, by reference publicly available market prices and expected number of hatching eggs per hatching chicken in the lifetime;
	  - Assessing biological assets-related disclosures in the consolidated financial statements against the requirements of the financial reporting standards.

KPMG

Valuation of inventory (consolidated financial statements)	
The carrying amount of inventory as at 30 June 2021: EUR 89,292 thousand (30 June 2020: EUR 79,537 thousand); net realisable value adjustment recognized in the consolidated financial statements as at 30 June 2021: EUR 1,537 thousand (30 June 2020: EUR 1, 519 thousand). We refer to the financial statements: Note 2.11 Inventories, 2.27 *Use of significant accounting judgments and estimates in the preparation of financial statements*, Note 11 *Inventories*	
The key audit matter	**How the matter was addressed in our audit**
The Group is engaged in agricultural produce supply, processing of agricultural products, food production and agricultural commodities trading. At each reporting date, as required by relevant accounting standards, the Group determines whether the carrying amount of its inventory does not exceed its net realizable value. In respect of obsolete or slow-moving items, this involves comparing the levels of inventory held to future utilization and sales projections. In addition, all of the Group's product inventories are tested for potential decline of their expected selling prices below cost. We focused on this area given the magnitude of the inventory balance and due to the fact that arriving at the carrying amount of inventory requires significant management judgment, which relies on the assumptions such as, primarily, the sales prices achievable in the future. Changes to these assumptions could result in a material change in the carrying value of inventory and the associated movements recognized in profit or loss.	Our audit procedures performed included, among other things, the following audit procedures: — Testing design and implementation of selected internal controls over inventory valuation, including those over the identification of obsolete and slow-moving inventory items and the estimation of their expected net realizable values; — Evaluating the Group's budgeting accuracy, the prior year's inventory write-down estimates to the current year's outcomes, where available; — For a sample of goods for resale, challenging the write-downs to net realizable value, by reference to their year-end selling prices. — Assessing the accuracy and completeness of the Group's inventory-related disclosures, including those about the degree of estimation uncertainty involved in arriving at the net realizable value of inventory and the related write down.

KPMG

Impairment of trade receivables (consolidated financial statements)	
The carrying amount of trade receivables in the consolidated financial statements as at 30 June 2021: EUR 104,710 thousand (30 June 2020: EUR 110,478 thousand); impairment loss recognized in the statement of comprehensive income for the year ended 30 June 2021: EUR 318 thousand (year ended 30 June 2020: EUR 344 thousand). We refer to the financial statements: Note 2.8*Impairment of financial assets*, 2.27 *Use of significant accounting judgments and estimates in the preparation of financial statements*, Note 13 *Trade receivables*	
The key audit matter	**How the matter was addressed in our audit**
Impairment allowances represent the Management Board's best estimate of the expected credit losses (ECLs) within the trade receivables at the reporting date. We focused on this area as the determination of impairment allowances requires a significant amount of judgment over the amounts of any such impairment. Trade receivables are assessed by the Group for impairment at each reporting date, both at an individual and collective basis. Management measures the loss allowance at an amount equal to ECLs, taking into account, among other things, repayment history and past credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. Accordingly, the most significant areas of estimation uncertainty and judgement associated with recognition of impairment allowances for trade receivables are: — Assumptions used to assess the credit risk relating to a given exposure and the expected future cash flows from the customer. — Identification of exposures with significant increase in credit risk or credit impaired (defaulted) exposures.	Our audit procedures in the area included, among others: — Assessing the appropriateness of the Group's impairment methodology against the relevant requirements of the financial reporting standards; — Obtaining understanding of and assessing the design and implementation of selected internal controls over the trade receivables collection process and making related loss allowances (including model validation controls); — Independently assessing the relevant forward-looking information and macroeconomic forecasts used in the ECL assessment, by inspecting publicly available information and through inquiries of the Management Board and credit risk personnel; — Challenging the accuracy and completeness of the Company's ECL estimates at 30 June 2021, including: *For trade receivables assessed individually, for a risk-based sample of debtors:* — Inspecting the debtors' historical payment patterns, and making corroborating inquiries of the finance personnel, to obtain understanding of any payment uncertainties, significant increase in credit risk or default; — Inspecting supporting documents in relation to cash receipts from debtors subsequent to the end of the reporting period; — Considering the outcome of the above procedures, critically assessing the Company's estimate of the expected cash flows receivable in the sample, also assessing the appropriateness of the discount rate used.

	For trade receivables assessed collectively (based on modelled expected credit losses): — Assessing the key collective impairment model parameters, such as the historical default rate information used, and the effects thereof on the model, by reference to the Group's own historical credit loss experience, our understanding of the business and current economic trends and expectations; — Performing a retrospective assessment of the historical accuracy of the Management Board's impairment assumptions and estimates, including estimated loss rates, against actual outcomes; *For loss allowances in totality:* — Critically assessing the reasonableness of the ECLs, including both the share of the gross non-performing exposures in total gross exposure and the non-performing receivables provision coverage; — Evaluating whether the disclosures in the financial statements in respect of the expected credit losses for trade receivables satisfy the requirements of the relevant financial reporting standards.

Other Information

The other information comprises the information included in the consolidated annual management report, including Information on compliance with the Corporate Governance Code (hereinafter – Corporate Governance Report), and disclosure on Social and environmental responsibility (hereinafter - 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, excluding the Corporate Social Responsibility Report, 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, excluding the Corporate Social Responsibility Report, 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, excluding the Corporate Social Responsibility Report, 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, excluding the Corporate Social Responsibility Report, 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 has been provided. If we identify that the 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 EU IFRS, 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/or 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/or 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/or 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, actions taken to eliminate threats or safeguards applied.

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 respective separate and consolidated financial statements. Our appointment to audit the Company's and the Group's separate and consolidated financial statements shall be renewed each second year under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 2 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report presented to the Company and the Group and their Audit Committee on 7 October 2021.

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

During the audited financial year, we have not provided any non-audit services during the financial year ended 30 June 2021.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Klaipėda, the Republic of Lithuania
7 October 2021

(all amounts are in thousand euros unless otherwise stated) 2

Statements of financial position

ASSETS	Notes	*Group* As at 30 June 2021	*Group* As at 30 June 2020	*Company* As at 30 June 2021	*Company* As at 30 June 2020
Non-current assets					
Intangible assets	5	2,170	1,905	177	199
Property, plant and equipment	6	128,497	133,157	1,054	336
Investment property	8	619	1,931	–	57
Right-of-use assets	7,9	22,553	19,440(1)	72	47(1)
Animals, livestock and poultry	10	8,789	9,429	–	–
Non-current financial assets					
Investments in subsidiaries	3	–	–	116,942	104,569
Investments in associates	3	–	–	443	443
Other investments and prepayments for financial assets		2,034	66	2,010	–
Non-current receivables	9	720	1,261	–	–
Non-current receivables from related parties	9, 31	–	–	7,135	10,595
Net investment, related with sublease		–	–	10,054	–
Total non-current financial assets		2,754	1,327	136,584	115,607
Non-current prepayments	9	1,241	1,596	–	–
Deferred income tax asset	27	2,848	3,608	503	397
Total non-current assets		**169,471**	**172,393**	**138,390**	**116,643**
Current assets					
Crops	10	19,911	18,978	–	–
Poultry	10	2,394	2,580	–	–
Inventories	11	89,292	79,537	–	–
Current prepayments	12	5,957	5,422	364	56
Accounts receivable					
Trade receivables	13	104,710	110,478	–	–
Receivables from related parties	31	41	39	12,516	8,123
Income tax receivable		1	69	–	–
Other accounts receivable and contract assets	14	9,739	4,894	108	–
Total accounts receivable		114,491	115,480	12,624	8,123
Short-term net investment, related with sublease	9	–	–	316	–
Derivative financial instruments	15	3	588	–	–
Other current financial assets	15	1,597	904	–	–
Cash and cash equivalents	16	18,007	9,539	6,577	222
Total current assets		**251,652**	**233,028**	**19,881**	**8,401**
Total assets		**421,123**	**405,421**	**158,271**	**125,044**

1) Comparative information for marked groups was recalculated in the financial statements. In 2021, the Company reviewed accounts grouping methodology in separate and consolidated financial statements to reflect more accurately the distribution of items in the financial statements and to adjusted the comparative figures for 2019/2020.

(cont'd on the next page)

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

(all amounts are in thousand euros unless otherwise stated) 3

Statements of financial position (cont'd)

EQUITY AND LIABILITIES	Notes	Group		Company	
		As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Equity attributable to equity holders of the parent					
Share capital	1	46,093	46,093	46,093	46,093
Share premium	1	23,038	23,038	23,038	23,038
Legal and other reserves	17	6,146	5,153	6,146	5,153
Reserve for own shares	17	–	–	–	–
Own shares	17	(445)	(446)	(445)	(446)
Foreign currency translation reserve	17	(14)	(10)	–	–
Retained earnings		119,333	105,122	39,416	40,438
Total equity attributable to equity holders of the parent		**194,151**	**178,950**	**114,248**	**114,276**
Non-controlling interest	32	**2,070**	**2,252**	–	–
Total equity		**196,221**	**181,202**	**114,248**	**114,276**
Liabilities					
Non-current liabilities					
Grants and subsidies	18	6,372	5,745	–	–
Non-current borrowings	19, 31	13,056	18,692	1,206	1,236
Non-current trade payables	3	601	800	–	–
Lease liabilities	20	27,148	19,478	9,212	132
Deferred income tax liability	27	1,029	853	–	–
Non-current employee benefits		776	842	54	358
Other non-current liabilities	22	1,055	423	308	–
Total non-current liabilities		**50,037**	**46,833**	**10,780**	**1,726**
Current liabilities					
Current portion of non-current borrowings	19,31	17,119	13,130	1,136	1,206
Current portion of lease liabilities	20	5,553	4,992	344	51
Current borrowings	19, 31	63,115	92,729	17,889	6,914
Trade payables	21	63,707	43,089	45	55
Payables to related parties	31	232	143	12,557	111
Income tax payable		452	200	–	–
Derivative financial instruments	15	34	128	–	–
Contract liability	22	2,070	1,528	1	–
Other current liabilities	22	22,583	21,447	1,271	705
Total current liabilities		**174,865**	**177,386**	**33,243**	**9,042**
Total equity and liabilities		**421,123**	**405,421**	**158,271**	**125,044**

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

Managing Director	Darius Zubas	....	7 October 2021
Finance Director	Mažvydas Šileika	....	7 October 2021

(all amounts are in thousand euros unless otherwise stated) 4

Consolidated statement of comprehensive income

	Notes	*Financial year ended*	
		30 June 2021	30 June 2020
Revenue from contracts with customers	4	942,442	657,700
Cost of sales	23	(891,241)	(612,036)
Gross profit		**51,201**	**45,664**
Operating (expenses)	24	(38,366)	(34,696)
Expenses of impairment of trade receivables, contract assets and other receivables	24	4	(344)
Other income	25	8,007	5,706
Other (expenses)	25	(1,254)	(1,503)
Operating profit (loss)		**19,592**	**14,827**
Income from financing activities	26	756	817
(Expenses) from financing activities	26	(3,551)	(3,713)
Profit (loss) before tax		**16,797**	**11,931**
Income tax	27	(2,608)	(1,927)
Net profit (loss)		**14,189**	**10,004**
Net profit (loss) attributable to:			
Equity holders of the parent		14,166	9,752
Non-controlling interest		23	252
		14,189	**10,004**
Basic earnings per share (EUR)	28	0.09	0.06
Diluted earnings per share (EUR)	28	0.09	0.06
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on cash flow hedges	15	–	–
Exchange differences on translation of foreign operations		(4)	7
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**(4)**	**7**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		–	–
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		–	–
Other comprehensive income/ (loss) for the year, net of tax		**(4)**	**7**
Total comprehensive income, after tax		**14,185**	**10,011**
Total comprehensive income attributable to:			
The shareholders of the Company		14,162	9,759
Non-controlling interest	32	23	252
		14,185	**10,011**

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

(all amounts are in thousand euros unless otherwise stated)

Company's statement of comprehensive income

	Notes	*Financial year ended*	
		30 June 2021	30 June 2020
Revenue from contracts with customers		784	543
Dividend income		1,650	1,598
Rental and other income		521	179
Operating (expenses)	24	(4,175)	(1,584)
Operating profit		**(1,220)**	**736**
Income from financing activities	26	907	551
(Expenses) from financing activities	26	(753)	(182)
Profit before tax		**(1,066)**	**1,105**
Income tax		106	125
Net profit		**(960)**	**1,230**
Other comprehensive income		–	–
Total comprehensive income		**(960)**	**1,230**

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

Managing Director	Darius Zubas	....	7 October 2021
Finance Director	Mažvydas Šileika	....	7 October 2021

(all amounts are in thousand euros unless otherwise stated) 6

Consolidated statement of changes in equity

		Equity attributable to equity holders of the parent										
	Notes	**Share capital**	**Own shares**	**Share premium**	**Legal and other reserve**	**Reserve for own shares**	**Foreign currency translation reserve**	**Cash flow hedge reserve**	**Retained earnings**	**Subtotal**	**Non-controling interest**	**Total**
Balance as at 1 July 2019		**46,093**	**(448)**	**23,038**	**4,389**	**5,000**	**(17)**	–	**89,955**	**168,010**	**2,060**	**170,070**
Net profit for the year		–	–	–	–	–	–	–	9,752	9,752	252	10,004
Other comprehensive income		–	–	–	–	–	7	–	–	7	–	7
Total comprehensive income		–	–	–	–	–	**7**	–	**9,752**	**9,759**	**252**	**10,011**
Disposal of own share		–	2	–	–	–	–	–	(2)	–	–	–
Declared dividends by subsidiaries	28	–	–	–	–	–	–	–	–	–	(8)	(8)
Transfer to reserves	17	–	–	–	239	–	–	–	(239)	–	–	–
Transfer from reserves		–	–	–	–	(5,000)	–	–	5,000	–	–	–
Share-based payments	28	–	–	–	525	–	–	–	–	525	–	525
Minority interest arising on acquisition of subsidiaries	3	–	–	–	–	–	–	–	–	–	699	699
Acquisition of minority interest	3	–	–	–	–	–	–	–	656	656	(751)	(95)
Balance as at 30 June 2020		**46,093**	**(446)**	**23,038**	**5,153**	–	**(10)**	–	**105,122**	**178,950**	**2,252**	**181,202**
								–				
Balance as at 1 July 2020		**46,093**	**(446)**	**23,038**	**5,153**	–	**(10)**	–	**105,122**	**178,950**	**2,252**	**181,202**
Net profit for the year		–	–	–	–	–	–	–	14,166	14,166	23	14,189
Other comprehensive income		–	–	–	–	–	(4)	–	–	(4)	–	(4)
Total comprehensive income		–	–	–	–	–	**(4)**	–	**14,166**	**14,162**	**23**	**14,185**
Disposal of own shares		–	1	–	–	–	–	–	(1)	–	–	–
Declared dividends by subsidiaries		–	–	–	–	–	–	–	–	–	(12)	(12)
Transfer to reserves	17	–	–	–	61	–	–	–	(61)	–	–	–
Share-based payments	28	–	–	–	932	–	–	–	–	932	–	932
Acquisition of minority interest	3	–	–	–	–	–	–	–	107	107	(193)	(86)
Balance as at 30 June 2021		**46,093**	**(445)**	**23,038**	**6,146**	–	**(14)**	–	**119,333**	**194,151**	**2,070**	**196,221**

(all amounts are in thousand euros unless otherwise stated) 7

Company's statement of changes in equity

	Notes	Share capital	Own shares	Share premium	Legal reserve and other reserves	Reserve for own shares	Retained earnings	Total
Balance as at 1 July 2019		**46,093**	**(448)**	**23,038**	**4,389**	**5,000**	**34,449**	**112,521**
Net profit for the year		–	–	–	–	–	1,230	1,230
Total comprehensive income		–	–	–	–	–	**1,230**	**1,230**
Share-based payments	27	–	–	–	525	–	–	525
Disposal of own shares		–	2	–	–	–	(2)	–
Transfer from reserves		–	–	–	–	(5,000)	5,000	–
Transfer to reserves	16	–	–	–	239	–	(239)	–
Balance as at 30 June 2020		**46,093**	**(446)**	**23,038**	**5,153**	–	**40,438**	**114,276**
Balance as at 1 July 2020		**46,093**	**(448)**	**23,038**	**5,153**	–	**40,438**	**114,276**
Net profit for the year		–	–	–	–	–	(960)	(960)
Total comprehensive income		–	–	–	–	–	**(960)**	**(960)**
Share-based payments	27	–	–	–	932	–	–	932
Disposal of own shares		–	1	–	–	–	(1)	–
Transfer to reserves	16	–	–	–	61	–	(61)	–
Balance as at 30 June 2021		**46,093**	**(445)**	**23,038**	**6,146**	–	**39,416**	**114,248**

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

Managing Director Darius Zubas .... 7 October 2021

Finance Director Mažvydas Šileika .... 7 October 2021

(all amounts are in thousand euros unless otherwise stated) 8

Statements of Cash Flows

	Notes	*Group*		*Company*	
		Financial year ended		*Financial year ended*	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Cash flows from (to) operating activities					
Net profit (loss)		14,189	10,004	(960)	1,230
Adjustments for non-cash items:					
Depreciation and amortisation	5,6,7,8	12,270	11,380	81	60
Subsidies amortisation	18	(521)	(531)	–	–
(Gain) on disposal of property, plant and equipment	25	(821)	(1,001)	(121)	14
(Gain) on rights transferred		(1,925)	–	–	
(Gain) on sublease recognition		–	–	(326)	
Change in allowance and write-offs for receivables	24	(317)	344	–	–
Inventories write down to net realisable value	11	18	61	–	–
Write-off of right-of-use assets	6,7,8	–	(480)	–	–
Change of provision for onerous contracts	23	–	(1,009)	–	–
Change in contract assets and accrued expenses		1,990	781	310	234
Change in fair value of biological assets	23	(4,168)	(5,834)	–	–
Change in fair value of investment		(105)	–	–	–
Change in accrued share-based payment		932	644	413	(766)
Loss from business combination	3	–	358	–	–
Change in deferred income tax	27	958	1,633	(106)	(125)
Current income tax expenses	27	1,650	293	–	–
Expenses (income) from change in fair value of financial instruments		(1,344)	232	–	–
Dividend (income)		–	(1)	(1,650)	(1,598)
Interest (income)	26	(756)	(817)	(907)	(551)
Interest expenses	26	3,551	3,713	753	182
		25,601	**19,770**	**(2,513)**	**(1,320)**
Changes in working capital:					
(Increase) decrease in biological assets		1,032	3,508	–	–
Decrease (increase) in inventories,incl. right of return asset		(2,657)	8,224	–	–
Decrease (increase) in prepayments		(1,805)	1,555	(969)	(8)
Decrease (increase) in trade and other accounts receivable		2,708	5,614	2,049	(189)
Decrease (increase) in restricted cash	15	(374)	211	–	–
Increase (decrease) in contract liabilities, refund liabilities, trade and other accounts payable		20,070	164	(156)	119
Income tax (paid)		(1,329)	(165)	–	–
Net cash flows from (to) operating activities		**43,246**	**38,881**	**(1,277)**	**(1,398)**

(cont'd on the next page)

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

(all amounts are in thousand euros unless otherwise stated) 9

Statements of Cash Flows (cont'd)

	Notes	***Group*** *Financial year ended* 30 June 2021	30 June 2020	***Company*** *Financial year ended* 30 June 2021	30 June 2020
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5,6,7,8	(9,712)	(8,588)	(19)	(64)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		3,463	3,470	25	37
Acquisition of subsidiaries (less received cash balance in the Group), including payments for subsidiaries acquired in prior periods	3	(168)	(959)	–	(4)
Disposal of subsidiaries (less disposed cash balance in the Group)		13,571	–	–	–
Prepayment for investment		(2,000)	–	(2,000)	–
Increase of share capital of subsidiaries		–	–	(112)	(65)
Loans (granted)		(3,114)	(559)	(8,000)	(6,500)
Repayment of granted loans		2,960	309	5,272	640
Interest received		756	740	908	413
Dividends received		–	–	1,050	198
Net cash flows from (to) investing activities		**5,756**	**(5,587)**	**(2,876)**	**(5,345)**
Cash flows from (to) financing activities					
Proceeds from loans	29	12,254	18,097	18,131	13,233
(Repayment) of loans	29	(43,515)	(40,710)	(6,649)	(6,712)
Lease (payments)	29	(6,778)	(5,558)	(222)	(44)
Grants received	18	1,154	30	–	–
Interest (paid)	29	(3,551)	(3,148)	(752)	(195)
Dividends (paid) to non-controlling shareholders	29	(12)	(8)	–	–
Dividends (paid)	29	–	–	–	–
Acquisition of non-controling interest		(86)	(95)	–	–
Net cash flows from (to) financing activities		**(40,534)**	**(31,392)**	**10,508**	**6,282**
Net (decrease) increase in cash and cash equivalents		**8,468**	**1,902**	**6,355**	**(461)**
Cash and cash equivalents at the beginning of the year	16	**9,539**	**7,637**	**222**	**683**
Cash and cash equivalents at the end of the year	16	**18,007**	**9,539**	**6,577**	**222**

(cont'd on the next page)

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

(all amounts are in thousand euros unless otherwise stated)

Statements of Cash Flows (cont'd)

Supplemental information of cash flows:

		Group		Company	
		Financial year ended		Financial year ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Non-cash operating activity:					
Income tax payable set off with other taxes		–	–	–	19
Non-cash investing activity:					
Unpaid dividends from subsidiaries		–	–	600	1,400
Property, plant and equipment acquisitions financed by lease	8	2,397	4,797	–	115
Payables outstanding for property, plant and equipment		–	191	583	110
Property, plant and equipment acquisitions financed by finance lease, and accounting for right-of-use assets taking into account adoption impact of IFRS 16		5,886	19,249	65	–
Payables outstanding for acquisition of subsidiaries	3	600	1,868	11,618	–

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

Managing Director	Darius Zubas	....	7 October 2021
Finance Director	Mažvydas Šileika	....	7 October 2021

(all amounts are in thousand euros unless otherwise stated) 11

Notes to the Financial Statements

1. General information

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995.

The address of its registered office is as follows: Smėlynės Str. 2C, LT-35143 Panevėžys, Lithuania.

The principal activities of the Group are described in Note 4.

The financial year of the Group starts on 1 July of the calendar year and ends on 30 June of the following calendar year.

As at 30 June 2021 and as at 30 June 2020 the shareholders of the Company were:

	As at 30 June 2021		**As at 30 June 2020**	
	Number of shares held	**Percentage**	**Number of shares held**	**Percentage**
Akola ApS (Denmark)	109,909,167	69.15 %	109,909,167	69.15 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
UAB INVL Asset Management	9,087,369	5.72 %	8,461,306	5.32 %
Other shareholders (private and institutional investors)	22,893,867	14.40 %	23,519,930	14.80 %
Total	**158,940,398**	**100.00 %**	**158,940,398**	**100.00 %**

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each as at 30 June 2021 (EUR 0.29 each as at 30 June 2020) and were fully paid as at 30 June 2021 and as at 30 June 2020.

The Company holds 767,972 of its own shares, percentage 0.48%, as at 30 June 2021 (770,972 as at 30 June 2020). Subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2021 and as at 30 June 2020.

All of the Company's 158,940,398 ordinary shares are included in the Official list of Nasdaq Vilnius stock exchange (ISIN code LT0000128092). The Company's trading ticker in Nasdaq Vilnius stock exchange is LNA1L.

As at 30 June 2021 the number of employees of the Group was 2,102 (2,103 as at 30 June 2020).
As at 30 June 2021 the number of employees of the Company was 19 (20 as at 30 June 2020).

The Company's management approved these financial statements on 7 October 2021. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of financial statements.

No changes in share capital occurred during the years ending 30 June 2021 and 30 June 2020.

2. Accounting principles

If not stated otherwise, the Company's separate financial statements are prepared using the same accounting policies as the ones used by the Group.

The principal accounting policies adopted in preparing the Group's financial statements for the year ended 30 June 2021 are as follows:

2.1. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for biological assets, commitments to purchase agricultural produce (unrecognized firm commitment), derivative financial instruments, which have been measured at fair value.

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU).

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

There were no changes in the accounting policies of the Group, except for the following new IFRS and (or) their amendments applied as of 1 July 2020:

- ***Amendments to References to Conceptual Framework in IFRS Standards***

The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

- ***Amendments to IAS 1 and IAS 8: Definition of Material***

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

- ***Amendments to IFRS 3: Definition of a Business***

The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

- ***Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform, Phase 1***

The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

Standards issued but not yet effective

Several new standards are effective for annual periods beginning on 1 January 2020 with early application permitted, except for amendments of IFRS 16 COVID-19-Related Rent Concessions. While preparing these financial statements, the Company decided not to apply the new standards or amendments earlier.

2. Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

- ***Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (not yet endorsed by EU);***

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the Entity's right to defer settlement at the end of the reporting period. The company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the Entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

- ***Reference to the Conceptual Framework (Amendments to IFRS 3);***
- ***Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16);***

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

- ***Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37);***

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. Paragraph 68A clarifies that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

This practical expedient is not available for lessors. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied. The Company believes that the amendments, when applied for the first time, will not have a material impact on the Company's financial statements as they do not have significant leases.

Annual Improvements to IFRS Standards 2018-2020

- ***Amendments to IFRS 9 Financial Instruments***

The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- ***Amendment to Illustrative Examples accompanying IFRS 16 Leases***

The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.

- ***COVID-19-Related Rent Concessions (Amendment to IFRS 16);***

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

2. Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

- ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (not yet endorsed by EU);***

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

  - a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
  - a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- **IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts (not yet endorsed by EU);**
- **Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).**

2.2. Functional and presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, euro (EUR). The functional currency of the Group companies operating in Lithuania is EUR. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position. Translation difference is presented under Other income and/or expenses caption in the Group's financial statements and under operating expenses caption in the Company's separate financial statements.

The assets and liabilities of foreign subsidiaries are translated into EUR at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on this translation are recognised in a separate component of equity. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other equity relating to that foreign operation is recognised in the statement of comprehensive income under Other income and/or expenses caption.

2.3. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date, using consistent accounting policies.

Subsidiary is an entity directly or indirectly controlled by the Company. The Company controls an entity when it can or has a right to receive a variable returns from this relation and it can have impact on these returns due to the power to govern the entity to which the investment is made.

Subsidiaries are consolidated from the date from which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the statement of financial position and the statement of comprehensive income.

In the parent's separate financial statements investments into subsidiaries are accounted for using the cost method. The carrying value of investments is reduced to recognise an impairment loss of the value of the investments, such reduction being determined and made for each investment individually.

Losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

2. Accounting principles (cont'd)

2.3. Principles of consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. Acquisition costs incurred are capitalized in separate financial statements of the Company.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through statement of comprehensive income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4. Investments into associates

An associate is an entity in which the Group has significant influence. The Group recognises its interests in the associates applying the equity method. The financial statements of the associates are prepared for the same reporting year as the Group, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist. Impairment assessment of investments into associates is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. Currently the Group does not have any associates.

Investments into associates in the Company's separate financial statements are carried at cost less impairment.

2.5. Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the Company and the cost of asset can be measured reliably.

The useful lives of intangible assets can be either definite or indefinite.

After initial recognition intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

2. Accounting principles (cont'd)

2.5. Intangible assets other than goodwill (cont'd)

Intangible assets with indefinite lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from the indefinite to finite is made on a prospective basis.

Licenses

Amounts paid for licenses are capitalised and then amortised over their validity period of 3 - 4 years. Disclosed as other intangible assets in Note 5.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period of 3 - 4 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group expects from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

2.6. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following useful lives:

Buildings and structures	20–50 years
Machinery and equipment	10–20 years
Vehicles	5–10 years
Other property, plant and equipment	4–20 years

The useful lives, residual values and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.
Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and ready for the intended use.

2. Accounting principles (cont'd)

2.7. Investment property

Land plots rented to third parties are considered to be an investment property. Investment property is stated at cost less accumulated depreciation and is adjusted for recognised impairment loss.

The initial cost of investment property comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the investment property is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is calculated on the straight-line method to write-off the cost of each asset (except of land) to their residual values over their estimated useful life of 20 - 40 years.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Transfers to and from investment property are made when and only when there is an evidence of change in an asset's use.

2.8. Financial assets (except for derivative financial instruments designated as hedging instruments)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

A regular way purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets subsequent measurement

After initial recognition, the Group measures a financial asset at:
• Amortised cost (debt instruments)
• Fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments). The Group did not have such items as at 30 June 2021 and 2020.
• Fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments). The Group did not have such items as at 30 June 2021 and 2020.
• Fair value through profit or loss.

2. Accounting principles (cont'd)

2.8. Financial assets (except for derivative financial instruments designated as hedging instruments) (cont'd)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade, other current and non-current receivables, loans granted.

2.9. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.10. Biological assets

The Group's biological assets include animals and livestock, poultry and crops.

Animals and livestock are accounted for at fair value less costs to sell. The fair value of milking cows is measured using discounted cash flows method (level 3). Other livestock is measured at comparable market prices (level 2).

Poultry is accounted for at fair value less costs to sell. The fair value of poultry is measured based on future value of chickens/meat broilers/eggs less costs to maintain (level 3).

Crops are accounted for at fair value less costs to sell. The fair value of crops is measured at comparable market prices prices based on expected yield (level 3).

Agricultural produce harvested from an entity's biological assets is measured at its fair value less estimated costs to sell at the point of harvest. Such measurement is further the cost of inventories.

2. Accounting principles (cont'd)

2.10. Biological assets (cont'd)

As at 30 June 2021 and 30 June 2020 the management of the Group treats all animals and livestock (excluding eggs and broilers) as non-current assets and all crops, eggs and broilers as current.

All changes in fair value of biological assets were accounted for under cost of sales caption in the statement of comprehensive income.

2.11. Inventories

Inventories are valued at the lower of cost and net realisable value, after impairment evaluation for obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion and distribution. Cost of raw materials that are segregated for specific projects is determined using specific identification method; cost of other inventory is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory has been fully written-off.

Under inventories caption the Group also accounts for commitments to purchase agricultural produce (the change in the fair value of the firm commitment) (Note 2.15).

2.12. Cash and cash equivalents

Cash includes cash on hand and cash in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.
For the purposes of the cash flows statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term of three months or less.
Restricted cash held as a deposit for trading in the futures exchange is accounted as other current financial asset.

2.13. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.14. Financial liabilities

Financial liabilities initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's and Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivatives and finance lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2. Accounting principles (cont'd)

2.14. Financial liabilities (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income. The Group has not designated any financial liabilities as at fair value through profit or loss during the years ended 30 June 2020 and 2021.

Loans, borrowings and other payables

This is the category most relevant to the Group and The Company. After initial recognition, loans, borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

2.15. Derivative financial instruments and hedge accounting

The Group engages in derivative financial instruments transactions, such as futures contracts, to hedge purchase and sale price fluctuation risk and interest rate swaps to hedge cash flows fluctuation risk. On the agreement date and subsequently derivative financial instruments are accounted for at fair value. Fair value is derived from quoted market prices for futures (level 1) and using valuation models for interest rate swaps (level 2 and 3). The estimated fair values of these contracts are reported in the statement of financial position as assets for contracts having a positive fair value and liabilities for contracts with a negative fair value. Gain or losses from changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income.

Other derivatives not used for hedge accounting are also accounted for at fair value (level 2 and 3 as described in Note 2.26) with gain or losses from changes in the fair value recognised in the statement of comprehensive income.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Fair value hedges

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or losses from re-measuring the hedging instrument to fair value is recognised immediately in the statement of comprehensive income. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income.

2. Accounting principles (cont'd)

2.15. Derivative financial instruments and hedge accounting (cont'd)

Any gains or losses arising from changes in the fair value of the hedging instruments, which do not qualify for hedge accounting, are taken directly to the statement of comprehensive income for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Cash flow hedges

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized initially as other comprehensive income in comprehensive income statement and the ineffective portion is recognized in the statement of comprehensive income (profit or loss). The gains or losses on effective cash flow hedges recognized initially in equity are either transferred to the statement of comprehensive income (profit or loss) in the period in which the hedged transaction impacts the statement of comprehensive income or included in the initial measurement of the cost of the related asset or liability.

For hedges, which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the statement of comprehensive income (profit or loss) for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the forecasted transaction occurs. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the statement of comprehensive income (profit or loss).

2.16. Right-of-use assets and lease liabilities

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Group and the Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Initial recognition of right-of-use assets

At the commencement date, the Group and the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises: the amount equal to the lease liability at its initial recognition, lease payments made at or before the commencement of the lease (less any lease incentives received), any initial direct costs incurred by the Group and the Company, and an estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group and the Company incur an obligation to cover these costs at the commencement date or because they have used the asset held under a lease for a period of time. The Group and the Company recognizes these costs as part of the cost of right-of-use asset when the Group and the Company incurs an obligation for these costs.

Subsequent measurement of the right-of-use assets

After initial recognition, the Group and the Company measures the right-of-use asset at cost. Under the cost model, the Group and the Company measures a right-of-use asset at cost: less any depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated under the depreciation requirements of IAS 16, Property, Plant and Equipment. If, under the lease agreement, ownership of the leased asset transfers to the Company and the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the Group and the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset. Otherwise, the lessee depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

2. Accounting principles (cont'd)

2.16. Right-of-use assets and lease liabilities (cont'd)

• Land from 4 to 99 years
• Premises from 1 to 8 years
• Machinery and equipment from 4 to 7 years
• Vehicles from 4 to 5 years
• Other right-of-use assets from 1 to 6 years

Lease liabilities

Initial recognition of the lease liability

At the commencement date, the Group and the Company measure the lease liabilities at the present value of lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group and the Company use the incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date: fixed payments, less any lease incentives receivable; variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the Group and the Company is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising an option to terminate the lease. Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates.

Subsequent measurement of the lease liability

After the commencement date, a lessee measures the lease liability by increasing the carrying value to reflect interest on the lease liability; reducing the carrying value to reflect the lease payments made; and remeasuring the carrying value to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate or if applicable the revised discount rate.

After the commencement date, the Group and the Company recognise in profit or loss, unless the costs are included in the carrying value of another asset applying other applicable Standards: interest on the lease liability; and variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Remeasurement of the lease liability

After the commencement date, the lease liability is remeasured to reflect changes to the lease payments. The Group and the Company recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying value of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

Revised discount rate

The Group and the Company remeasures the lease liability by discounting the revised lease payments using a revised discount rate, if there is a change in the lease term. The Group and the Company determine the revised lease payments on the basis of the revised lease term or, if there is a change in the assessment of an option, purchase the underlying asset, assessed considering the events and circumstances. The Group and the Company determine the revised lease payments to reflect the change in amounts payable under the purchase option.

If there is a change in the lease term or in the assessment of an option to purchase, the Group and the Company determine the revised discount rate as the interest rate implicit in the lease for the of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

2. Accounting principles (cont'd)

2.16. Right-of-use assets and lease liabilities (cont'd)

Unchanged discount rate

The Group and the Company remeasures the lease liability by discounting the revised lease payments, if either:

- there is a change in the amounts expected to be payable under a residual value guarantee. The Group and the Company determines the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including for example a change to reflect changes in market rental rates following a market rent review. The Group and the Company remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect). The Group and the Company determine the revised lease payments for the remainder of the lease term based on the revised contractual payments.

The Group and the Company apply an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the lessee apply a revised discount rate that reflects changes in the interest rate.

Lease modifications

A lessee accounts for a lease modification as a separate lease if both:
- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group and the Company:
- allocate the consideration in the modified contract;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

For a lease modification that is not accounted for as a separate lease, the Group and the Company account for the remeasurement of the lease liability by:

- decreasing the carrying value of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group and the Company recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The Group and the Company present lease liabilities separately from other liabilities in the statement of financial position. Interest expense on the lease liability are presented separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which is presented in the statement of comprehensive income.

Short-term and low-value lease

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply low-value asset lease recognition exemption to office equipment that are considered to be low value. Lease payments for a short-term and low value lease are recognised as expenses in the statement of profit or loss on a straight-line basis over the lease period.

Leases previously classified as finance leases

The Group and the Company did not change the initial carrying values of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 June 2019.

Group as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand¬alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

2. Accounting principles (cont'd)

2.16. Right-of-use assets and lease liabilities (cont'd)

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

As part of the evaluation of sub-leases it is needed to determine whether the intermediate lessors shall present the sub-lease revenue on a gross or net basis (i.e., reduced for head lease expenses). In performing this evaluation reference is made to the principal-agent provisions from IFRS 15.

Control of an asset (goods and services) refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the land. Control also means the ability to prevent others from directing the use of, and receiving the benefit from, a good or service. The customer's ability to receive the benefit from the good or service is represented by its right to substantially all of the cash inflows, or the reduction of the cash outflows, generated by the goods or services.

With reference to IFRS 16 the intermediate lessor classifies the sublease as a finance lease since 1 January 2019. Maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date is disclosed in Note 9.

Assets leased out under operating leases are included in property, plant and equipment and investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment of the Group. Rental income is recognised on a straight-line basis over the lease term.

2.17. Share capital

Ordinary shares are stated at their par value. Any excess of the consideration received for the shares sold over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

2.18. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group re-evaluates provisions at each reporting date and adjusts them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Onerous contracts provision

Onerous contracts provision is recognised when the Group has a present obligation (legal or constructive) to purchase the goods from a third party in the future for a price higher than the market selling price at the reporting date or to sell the goods to a third party in the future for a price lower than the market purchase price at the reporting date. The difference between the value of the contract and its market price at the reporting date is charged to cost of sales in the statement of comprehensive income. Such accounting treatment of the Group's contracts is applied as long as these contracts have not been accounted for as derivatives.

2. Accounting principles (cont'd)

2.19. Non-current employee benefits

According to the requirements of Lithuanian Labor Code, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 2 months' salary. In addition employees of the Group are entitled to employment benefits which are approved by the Board of the Company.

The actuarial gains and losses are recognized in the statement of other comprehensive income.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognized in the statement of financial position and reflects the present value of these benefits on the date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognized in the statement of other comprehensive income as incurred.

Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). As further described in Note 28 employees of the Group are granted share options.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 28.

That cost is to be recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 28).

2.20. Grants and subsidies

Government grants and subsidies (hereinafter "grants") are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants received in the form of cash intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. The amount of the asset related grants is recognised as deferred income in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

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2. Accounting principles (cont'd)

2.20. Grants and subsidies (cont'd)

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.21. Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and respective countries, where the Group companies are registered.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivableis the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

In the year ended 30 June 2021 and 30 June 2020 the standard income tax rate for the Group non-agricultural companies operating in Lithuania was – 15%.

For companies operating in Lithuania tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments not designated for hedging. The transferable tax loss cannot cover more than 70% of the taxable profit of the current year. Such carrying forward is disrupted if the company changes its activities due to which these losses were incurred except when the company does not continue its activities due to reasons which do not depend on the company itself.

The losses from disposal of securities and/or derivative financial instruments not designated for hedge (as described in Note 15) can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. For companies operating in Latvia and Denmark tax losses can be carried forward for indefinite period.

Income tax for the foreign subsidiaries is accounted for according to tax legislation of those foreign countries. The standard income tax rates in the foreign countries are as follows:

	Financial year ended	
	30 June 2021	30 June 2020
Republic of Latvia*	–	–
Republic of Estonia**	–	–
Kingdom of Denmark	22%	22%
Ukraine	18%	18%

**In Latvia, effective from 1st January 2018 Under the Corporate Income Tax Law, corporate income tax is payable at the time when profit is distributed. As a result, the taxable base comprises distributed profits and notional distributed profits. Resident companies are subject to tax at a rate of 20% on the gross taxable amount. The net taxable base (distributed profits and notional distributed profits) is divided by coefficient of 0.8 when determining the gross taxable base for the tax period.*
***In Estonia, the taxation of profit of operating subsidiaries is deferred until the profit appropriation moment, i.e. payment of dividends. The dividends paid by the Group's companies in Estonia are taxed at the withholding tax rate of 20% as at 30 June 2021 (25% as at 30 June 2020).*

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2. Accounting principles (cont'd)

2.22. Revenue recognition

Revenue from sales of grain, feedstuff, fertilizers, seeds, agricultural production and other food products

Revenue from contracts with customers is recognised at a point in time when control of the goods (grain, feedstuff, fertilizers, seeds, agricultural production and cattle, milk and poultry food products) are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is the principal in its revenue arrangements, except for Neuss/Spyck contracts described in Note 2.27, because:
- The Group controls the goods before transferring them to the customer;
- The Group is primarily responsible for goods supply and bears risk of non-performance;
- The Group has latitude in establishing price either directly or indirectly.

Where the Group has signed master framework agreements with the clients, majority of such contracts are not enforceable on their own without a specific purchase order. Every purchase order generally represents a contract with the customer in these cases, and each contract includes a single performance obligation.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, transportation, storage). Generally, the Group's contracts do not include such promises.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that significant revenue reversal will not occur when the associated uncertainty is resolved. Some contracts for the sale of equipment provide customers with a right of return which gives rise to variable consideration. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Revenue from sales of machinery and equipment

In some contracts, the Group transfers control of an equipment to a customer and also grants the customer the right to return the product for various reasons after the use of the term. An asset recognised for the Group's right to recover the equipment from a customer on settling a refund liability shall initially be measured by reference to the former carrying amount of the equipment less any expected costs to recover those products (including potential decreases in the value to the Group of returned products). At the end of each reporting period, the Group updates the measurement of the asset arising from changes in expectations about products to be returned. The Group presents the asset separately from the refund liability, under captions: Inventories (Note 11) and Other non –current liabilities (Note 22).

Revenue from customer specific project contracts

Performance obligations arising from the project contracts with customers (for example to install grain storage facilities) are fulfilled over time and respectively the revenue is recognized over time if any of the following criteria are met: (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. If the Group can reasonably measure its progress towards complete satisfaction of the performance obligation, the Group recognizes revenue and expenses in relation to each contract over time, based on the progress of performance. The progress of performance is assessed based on the proportion of the costs incurred in fulfilling the contract up to date over to the total estimated costs of the contract. Group uses an input method in measuring progress because there is a direct relationship between the Group's effort (i.e., based on the labour hours incurred and materials used) and the output produced which provides a faithful depiction. When the Group is not be able to reasonably measure the outcome of a performance obligation (for example, in the early stages of a contract), but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such. When it is determined that the costs of the contract are expected to exceed the revenue, the entire estimated loss amount is recognized in profit (loss).

Contract modification (scope or price, or both) is accounted for as a separate contract with customer, if the scope of the contract increases because of the addition of promised goods or services that are distinct and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services in the circumstances of the particular contract. Otherwise the contract modification is accounted as (a) termination of the existing contract and the creation of a new contract, if the remaining goods or services are distinct from the goods or services transferred on or before the

2. Accounting principles (cont'd)

2.22. Revenue recognition (cont'd)

date of the contract modification or (b) part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification.

The effect that the contract modification has on the transaction price, and on the Group's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification.

Provisions for loss making contracts are recognized when the Group has a present obligation (legal or constructive) to complete the construction contract for the third party for the price that is lower than the total estimated cost to perform the contract as of the date of the financial statements. The difference (loss) between the contract price and the total estimated cost of delivery under the contract is recognized in the statement of comprehensive income.

When fulfilling the contracts the Group can receive short term prepayments from its customers. Applying the practical expedient, the Group is not adjusting the price allocation by the financing component, if at the inception of the contract it is expected that the time period from the customer payment for goods/services till the delivery of these goods/services will not exceed one year.

In addition the Group applied the practical expedient and did not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period because each performance obligation is part of a contract that has an original expected duration of one year or less.

The Company recognises revenue from management services over time, using a delivery method to measure provision of the services, because the customer simultaneously receives and consumes the benefits provided by the Company.

Other revenue /income

Other occasional revenue from the sale property, plant or equipment is recognised at a point in time, when sold items are delivered to client and control is transfered.

Dividend income is recognised when the right to receive payment is established.

Under Other income caption is recognised grants related to income for agricultural activity. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant (Note 2.20).

In addition the management considers the effect of other matters to the revenue recognition such as the existence of significant financing components, non-cash consideration, consideration payable to the customer and warranties. None of these are present in the Group's contracts with the custumers. Warranties provided by the Group are only an assurance-type and are not provided as the Group's separate service and not treated as a separate performance obligation. Such warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group does not incur material costs to acquire or fulfill the contract.

Due to the Group's business nature, apart from what is described in this Note, the management did not make any other significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers recognition, as there are no complex/multi-elemental goods or services, no variable consideration, financing component, volume rebates, discounts, contract cost or amounts payable to the customers

Contract assets – accrued revenue
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets, Note 2.8.

Contract liabilities – prepayments received
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

2. Accounting principles (cont'd)

2.23. Expense recognition

Expenses are recognised on the basis of accrual. The amount of expenses is usually accounted for as the amount paid or due to be paid, excluding VAT. In those cases when long period of payment is established and the interest is not distinguished, the amount of expenses is estimated by discounting the amount of payment using the market interest rate.

2.24. Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that a non financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (e.g. goodwill), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by independent valuations, valuation multiples, or other available fair value indicators.

Impairment losses are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For non financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

2.25. Segment information

In these financial statements an operating segment means a constituent part of the Group participating in production of an individual product or provision of a service or a group of related products or services, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

For management purpose the Group is organized into five operating segments based on their products and services as follows:

- the grain and feedstuff handling and merchandising includes trade in wheat, rapeseed, barley and other grains and oilseeds, suncake and sunmeal, sugar beet pulp, soymeal, vegetable oil, rapecake and other feedstuffs, grain storage and logistics services;
- the products and services for farming segment includes sales of fertilizers, seeds, plant protection products, machinery and equipment, grain storage facilities, spare parts and other equipment to agricultural produce growers and grain storage companies;
- the agricultural production segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- food products segment includes poultry and other food final products;
- the other products and services segment includes sales of biofuel and other products and services.

In these financial statements information about geographical areas means a constituent part of the Group revenue from external customers attributed to the Group's country of domicile and attributed to all foreign countries in total from which the Group derives revenue and non-current assets other than financial assets and deferred tax assets located in the Group's country of domicile and located in all foreign countries in total in which the Group holds assets.

2. Accounting principles (cont'd)

2.26. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determine whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Group's management at each reporting date. For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

2.27. Use of significant accounting judgments and estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies.

Significant accounting judgments

The significant areas of judgment used in the preparation of these financial statements are described as follows.

Principal versus agent assessment

The Group determined that, as a general it acts as the principal in providing goods and services because:
- controls goods and services before they are delivered to the customer;
- is responsible for the overall execution of the contract with the client and is at risk of default;
- has a choice of price setting.

2. Accounting principles (cont'd)

2.27. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Accounting for trading contracts

Within grains and oilseeds as well as feedstuffs segments, the Group's activity is an agricultural goods intermediary (buying and selling different types of grain, oilseeds, rapeseed, etc.). The Group buys and sells agricultural goods at a fixed price for a specified delivery period in the future. The terms of the Group's contracts permit net settlement; however, in practice, contracts result in physical delivery, except for rapeseed extraction delivered on term FOB Neuss/Spyck. The Group acts as an intermediary by entering into purchase and sales contracts with producers and users of the agricultural goods, creating links within the value chain for the agricultural goods for a stable customer base, making profits from a distributor margin rather than from fluctuations in price or a broker traders' margin. As a result, the Group's purchases and sales contracts are entered into in accordance with the expected purchase and sale requirements and, therefore, have not been accounted for as derivatives within the scope of IFRS 9, except for those contracts which are hedged (Note 2.15) and contracts concluded on terms FOB Neuss/Spyck which are usually net cash settled.

Receivables from agricultural produce growers and payments on agricultural produce growers' behalf

Within its agricultural inputs segment, the Group is engaged in selling fertilizers and plant protection products to agricultural produce growers as well as pays on behalf of agricultural produce growers to suppliers of seeds or directly pays to agricultural produce growers (Notes 12 and 13). The balances arising from these transactions are non-interest bearing and are generally settled within 120 - 360 days by delivering grain to the Group. These transactions constitute common arrangements in the industry, they are entered into between distributors and agricultural produce growers under similar terms, and usual settlement is by delivery of grain, as opposed to an unconditional right to receive cash; therefore, no discounting is performed on these balances. Trade receivables arising on sales of fertilizers and plant protection products are presented within trade receivables caption in the statement of financial position, while payments on behalf of agricultural produce growers, which do not derive from sales transactions, are presented as prepayments in the statement of financial position.

Significant accounting estimates

The significant areas of estimation used in the preparation of these financial statements relate to depreciation (Notes 2.6, 2.7, 6, 7 and 8), fair value estimation of biological assets (Notes 2.10 and 10), impairment evaluation (Notes 2.24, 5, 6, 7, 8, 9, 12, 13 and 14), estimation of fair value of assets acquired and liabilities assumed in business combinations (Note 3), assessment of net realizable value of inventories (Note 2.11 and Note 11), assessment of provision for onerous contracts (Note 2.18) and assessment of fair value of share based payments (Note 28). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed further.

Valuation of biological assets

As at 30 June 2021 and 30 June 2020 the Group did not have an independent appraisal of its biological assets. According to IFRS, such assets must be recorded at fair value. Biological assets mostly consist of three groups: animals and livestock, poultry and crops which are accounted for at fair value less costs to sell (Note 2.10).

The fair value of biological assets of the Group is determined on a recurring basis. The management determines key assumptions based on historical figures and the best estimate as at the reporting date. Applied unobservable assumptions are challenged on a regular basis and adjusted after back testing is performed. Other observable inputs used are based on publicly available sources (prices in the market). The management of the Group constantly analyses the changes in fair value and assesses what has the biggest influence on it – quantity produced, sales prices and etc.

Animals and livestock are valued in two ways: milking cows are valued using discounted cash flows method less costs to sell (level 3) and other groups of livestock at market prices less cost to sell at the reporting date (level 2). Crops are valued at market prices based on expected yield less costs to sell at the reporting date (level 3).

(all amounts are in thousand euros unless otherwise stated) 32

2. Accounting principles (cont'd)

2.27. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Poultry are valued in the following way:

Hatching chicken are valued based on the future value of the produced eggs less costs to maintain the chicken until end of its production period, slaughter costs as well as costs to sell at the reporting date (level 3).

Meat broilers are valued taking into account the average age of the chicken and its respective market value between the value range of day one and value at the moment of slaughtering the chicken (level 3).

Milking cows

The management of the Group decided to assess fair value of milking cows based on the discounted cash flows method because there is no active reliable market for such livestock and because this method is the most accurate estimation of the fair value of milking cows.

As at 30 June 2021 the key assumptions used to determine fair value of milking cows are the estimated milk selling price for the expected average productive life of a milking cow (EUR 0.33 for the year ending 30 June 2022 and EUR 0.33 for the year ending 30 June 2023) used to calculate the expected future cash inflows as well as pre-tax discount rate (5.27%). As at 30 June 2020 the key assumptions used to determine fair value of milking cows were the estimated milk selling price (EUR 0.33 for the year ending 30 June 2021 and EUR 0.33 for the year ending 30 June 2022) used to calculate the expected future cash inflows as well as pre-tax discount rate (5.27%).

The following table demonstrates the sensitivity of the fair value of milking cows to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2021		30 June 2020	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Milk price	+ 15%	528	+ 15%	3,115
Milk price	- 15%	(530)	- 15%	(3,819)
Discount rate	+ 1 p.p.	(63)	+ 1 p.p.	(58)
Discount rate	- 1 p.p.	63	- 1 p.p.	59

Crops

As at 30 June 2021 and 2020 the key assumptions used to determine fair value of crops are the estimated yield ranges depending on the type of crops (4,0– 8,0 tones/ha for the year ending 30 June 2021 and 4,0– 9,0 tones/ha for the year ending 30 June 2020) and the expected sales price, which was based on the estimated future grain and oilseeds sales price of the deliveries taking place September – December of the respective year.

The following table demonstrates the sensitivity of the fair value of crops to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2021		30 June 2020	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Yield	+ 5%	793	+ 5%	912
Yield	- 5%	(793)	- 5%	(912)
Price	+ 5%	793	+ 5%	755
Price	- 5%	(793)	- 5%	(755)

Poultry

As at 30 June 2021 and 2020 the main assumptions used to determine fair value of hatching chicken are the price of the incubation eggs (EUR 0.15-0.27 for the unit; EUR 0.16-0.26 for the unit in previuos financial year) which was estimated based on publicly available yearly average market price and the average number of hatching eggs produced per hatching chicken in the lifetime (151.6 units for financial year and 151.6 units – previous financial year).

(all amounts are in thousand euros unless otherwise stated) 33

2. Accounting principles (cont'd)

2.27. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

The following table demonstrates the sensitivity of the fair value of hatching chickens to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2021		30 June 2020	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Number of eggs per lifecycle/price of eggs	+ 5%	196	+ 5%	261
Number of eggs per lifecycle/price of eggs	- 5%	(196)	- 5%	(261)

As at 30 June 2021 and 2020 the main assumptions used to determine fair value of broilers are the market price of chickens (EUR 0.42 for 1 day old and EUR 2.25 for 36 days old) which was estimated based on actual purchases/sales taking place close to the 30 June 2021 and broiler weight of 2.22 kg as at 36 days old (as at 30 June 2020 – 2.21 kg as at 36 days old).

The following table demonstrates the sensitivity of the fair value of broilers to a reasonably possible change in key assumptions and its effect on profit or loss. There is no effect to other comprehensive income.

	30 June 2021		30 June 2020	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Weight	+ 5%	22	+ 5%	22
Weight	- 5%	(22)	- 5%	(22)
Price	+ 5%	22	+ 5%	22
Price	- 5%	(22)	- 5%	(22)

Impairment of property, plant and equipment (excluding land)

The Group makes an assessment, at least annually, whether there are any indications that property, plant and equipment have suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of cash-generating units (CGU) is determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

As at 30 June 2021 and 30 June 2020 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of property, plant and equipment to exceed its recoverable amount, except for the already impaired assets.

Impairment of land (accounted for as property, plant and equipment and investment property)

The Group makes an assessment, at least annually, whether there are any indications that land accounted for as property, plant and equipment and investment property has suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of land is determined as fair value less cost to sell based on comparable market prices for similar land provided by independent valuators.

As at 30 June 2021 and 30 June 2020 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of land to exceed its recoverable amount, except for the already impaired assets.

2. Accounting principles (cont'd)

2.27. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Impairment of the Company's investments in subsidiaries and loans granted

As at 30 June 2021 and 30 June 2020 the Company has investments in subsidiaries and associates. The Company makes an assessment, at least annually, whether there are any indications that investments in subsidiaries and associates have suffered impairment.

As at 30 June 2021 and 2020 the recoverable amount of AB Linas Agro and its subsidiaries, further – the subgroup cash generating unit (CGU), comprising of investments into and loans granted was determined based on the value in use calculations that use a discounted cash flow model. Carrying value of the investment and loans amount to EUR 72,013 thousand as at 30 June 2021 (as at 30 June 2020 – EUR 64,596 thousand). The above mentioned subgroup was assessed as one cash generating unit. The cash flows are derived from the forecast for the next five years and a terminal value which was calculated with a terminal growth of 2%. As at 30 June 2021 and 2020 the recoverable amount of the investment into this subgroup is most sensitive to EBITDA margin (max 2 %) that were used for the discounted cash flow model forecasts. According to the test performed no impairment was identified for the year ended 30 June 2021 and 2020 as recoverable value of investments was higher than the carrying value.

The recoverable amount of poultry business cash generating unit (CGU), comprising of investments into and loans granted to AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks, was determined based on the value in use calculations that use a discounted cash flow model. Carrying value of these investments and loans amount to EUR 19,964 thousand as at 30 June 2021 (as at 30 June 2020 - EUR 22,804 thousand). The above mentioned subsidiaries were assessed as one cash generating unit. Cash generating unit was determinted to be all entities operating in poultry business in a specific geographical location (Latvia). The cash flows are derived from the forecast for the next five years and a terminal value which was calculated with a terminal growth of 2%.
As at 30 June 2021 and 2020 the recoverable amount of the investment into subsidiaries AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks is most sensitive to the pre-tax discount rate of 5.3% which is used for the discounted cash flow model.
As at 30 June 2021 and 2020 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment into AS Putnu fabrika Kekava, SIA Lielzeltini, SIA Cerova and SIA Broileks to exceed its recoverable amount.

The Company also performed an impairment test for investments into land holding subsidiaries and associates using comparable market prices method. The Company's investments into land holding entities amounted to EUR 4,151 thousand as at 30 June 2021 (as at 30 June 2020 – 4,040 thousand). According to the test performed no impairment was identified for the year ended 30 June 2021 and 2020 as recoverable value of investments was higher than the carrying value. As at 30 June 2021 and 2020 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment into land holding subsidiaries and associates.

There were no indications of impairment of investments in other subsidiaries, except for described above.

Impairment of goodwill

In prior years acquisition of SIA Paleo has resulted in goodwill in amount of EUR 1,970 thousand recorded as at Paleo acquisition date. Goodwill was allocated to Latvia fertilizers trading cash generating unit (CGU). As a result of an impairment test an impairment of EUR 1,121 thousand was accounted for in prior years (Note 5). No additional impairment was recorded as at 30 June 2021 and 2020 after impairment test performed.

On 14 March 2019 SIA Paleo was merged to SIA Linas Agro Graudu Centrs (futher – the new CGU), therefore as at 30 June 2021 the carrying value of this CGU amounted to EUR 12,776 thousand. The cash flows are derived from the forecast for the next five years and a terminal value which was calculated with a terminal growth of 2%. As at 30 June 2021 the recoverable amount of CGU is most sensitive to the pre-tax discount rate of 5.3 %. In case discount rate increases by 1%, the CGU impairment (including goodwill) would increase by additional EUR 426 thousand.

Assesment of inventories net realisable value

The management of the Group makes esimates and assumptions in order to value inventories at lower of cost or net realizable value. The main factors incorporated in management assessment of inventories net realizable value are the follows:

1) ageing of inventories,
2) subsequent sales prices,
3) signed contracts to sell,
4) market prices.

2. Accounting principles (cont'd)

2.27. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Future events may occur which will cause the assumptions to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Trade receivables allowance

The determination as to whether a trade receivable is collectable involves management judgment and significant esimates. Specific factors management considers, when determining if allowance for trade receivable have to be accounted for are as follows:

1) age of the balance,
2) location of customers,
3) existence of collateral,
4) recent historical payment patterns as well as data on subsequent collections,
5) forward looking estimates (expected infliation rate, GDP or etc.).

Future events may occur which will cause the assumptions to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses an average value derived from binomial and the Black-Scholes-Merton option pricing share options incentive. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

2.28. Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.29. Subsequent events

Subsequent events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

2.30. Offsetting and rounding

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except for the cases when certain IFRS specifically requires or allows such set-off.

Numbers in tables may vary as they are written in round figures up to one thousand euros. Such rounding variations are not material for the financial statements.

(all amounts are in thousand euros unless otherwise stated) 36

3.Group structure and changes in the Group

As at 30 June 2021 and as at 30 June 2020 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	
Investments into directly controlled subsidiaries						
AB Linas Agro	Lithuania	100%	100%	57,707	57,096	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	19,762	13,954	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic	Lithuania	100%	100%	10,738	10,738	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Linas Agro Grūdų Centrai	Lithuania	100%	100%	5,477	5,445	Preparation and warehousing of grains for trade
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	341	341	Expedition and ship's agency services
UAB Landvesta 1	Lithuania	100%	100%	704	704	Rent and management of agricultural purposes land
UAB Landvesta 2	Lithuania	100%	100%	439	439	Rent and management of agricultural purposes land
UAB Landvesta 5	Lithuania	100%	100%	844	844	Rent and management of agricultural purposes land
Noreikiškės UAB	Lithuania	100%	100%	765	723	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	958	888	Rent and management of agricultural purposes land
UAB Zemvados Turto Konsultacijos	Lithuania	100%	–	5,810	–	Not operating company
AS Putnu fabrika Kekava	Latvia	97.16%	97.11%	6,706	6,706	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	97.16%	97.11%	–	–	Retail trade of food production
SIA Lielzeltini	Latvia	100%	100%	5,854	5,854	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	100%	790	790	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	100%	47	47	Chicken breeding and sale
UAB Kekava Foods LT	Lithuania	97.16%	97.16%	–	–	Not operating company
	Investments into subsidiaries			116,942	104,569	
	(Less) impairment			–	–	
				116,942	**104,569**	

(all amounts are in thousand euros unless otherwise stated) 37

3. Group structure and changes in the Group (cont'd)

	Place of registration	Effective share of The stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	
Investments into indirectly controlled subsidiaries (through AB Linas Agro)						
SIA Linas Agro	Latvia	100%	100%	–	–	Wholesale trade of grains and oilseeds, agricultural inputs
UAB Gerera	Lithuania	100%	100%	–	–	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	–	–	Management services
Linas Agro A/S (under liquidation)	Denmark	100%	100%	–	–	Not operating company
UAB Landvesta 3*	Lithuania	100%	100%	199	199	Rent and management of agricultural purposes land
UAB Landvesta 4*	Lithuania	100%	100%	159	159	Rent and management of agricultural purposes land
UAB Landvesta 6*	Lithuania	100%	100%	83	83	Rent and management of agricultural purposes land
LLC LINAS AGRO UKRAINE	Ukraine	100%	100%	–	–	Representative office
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)						
Biržai district Medeikių ŽŪB	Lithuania	98.39%	98.39%	–	–	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.82%	98.82%	–	–	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	99.54%	99.54%	–	–	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	96.25%	96.25%	–	–	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.95%	98.95%	–	–	Mixed agricultural activities
Užupės ŽŪB*	Lithuania	100%	100%	1	1	Rent and management of agricultural purposes land
UAB Paberžėlė	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
Panevėžys district Žibartonių ŽŪB*	Lithuania	99.90%	99.90%	1	1	Mixed agricultural activities
SIA Zemvalda Land Management Holdings 1	Latvia	100%	100%	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 2	Latvia	100%	100%	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 3	Latvia	100%	100%	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 4	Latvia	100%	100%	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 5	Latvia	100%	100%	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 6	Latvia	100%	100%	–	–	Rent and management of agricultural purposes land

(all amounts are in thousand euros unless otherwise stated) 38

3. Group structure and changes in the Group (cont'd)

	Place of registration	Effective share of The stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)						
SIA Zemvalda Land Management Holdings 7	Latvia	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 1	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 2	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 3	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 4	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 5	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 6	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvados Turtas 7	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 1	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 2	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 3	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 4	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 5	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 6	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
UAB Zemvados Turtas SPV 7	Lithuania	100%	100%	–	–	Rent and management of agricultural purposes land
	Investments into associates			443	443	
	(Less) impairment			–	–	
				443	**443**	

** UAB Landvesta 3, UAB Landvesta 4 , UAB Landvesta 6, Užupės ŽŪB and Panevėžys District Žibartonių ŽŪB are associates of the Company as at 30 June 2021 and 2020.*

The respective share held directly by the Company did not changed as at 30 June 2021 and 2020 of UAB Landvesta 3, UAB Landvesta 4, UAB Landvesta 6, Užupės ŽŪB, Panevėžys District Žibartonių ŽŪB and was 13.91%; 26.42%; 15.51%; 0.05%; 0.05%, respectively.

The respective share held directly by the Company did not changed as at 30 June 2021 and 2020 of UAB Landvesta 5 was 67.92%, UAB Linas Agro Grūdų Centrai was 60.94% , respectively.

(all amounts are in thousand euros unless otherwise stated) 39

3.Group structure and changes in the Group (cont'd)

	Place of registration	Effective share of the stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	
Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic)						
SIA Dotnuva Baltic	Latvia	100%	100%	–	–	Trade of machinery and equipment for warehousing of grains
AS Dotnuvos Baltic	Estonia	100%	100%	–	–	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Dotnuvos Technika	Lithuania	100%	100%	–	–	Not operating company
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centrai)						
Karčemos Bendrovė	Lithuania	100%	80%	–	–	Preparation and warehousing of grains for trade
UAB KUPIŠKIO GRŪDAI	Lithuania	99.16%	99.16%	–	–	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu Centrs	Latvia	100%	100%	–	–	Preparation and warehousing of grains for trade
Investments into indirectly controlled subsidiaries (through Panevėžys district Žibartonių ŽŪB)						
UAB Karčemos Bendrovė	Lithuania	–	4.00%*	–	–	Preparation and warehousing of grains for trade
Kėdainiai District ŽŪB Nemunas	Lithuania	67.44%	67.44%	–	–	Mixed agricultural activities

Changes in the Group during the 12 month period ended 30 June 2021

Group

On 16 July 2020 the authorized capital of SIA Linas Agro was increased by EUR 2,000 thousand.

On 21 July 2020 the authorized capital of AS Dotnuva Baltic was increased by EUR 2,300 thousand.

On 30 July 2020 AB Linas Agro prolonged credit line agreement with AB SEB bankas till 31 July 2021. The total credit line limit is EUR 88 million.

On 30 July 2020 UAB Dotnuva Baltic prolonged credit line agreement with AB SEB bankas till 31 July 2021. The total credit line limit is EUR 23,7 million.

On 30 July 2020 SIA Linas Agro prolonged credit line agreement with AB SEB bankas till 31 August 2021. The total creidt limit is EUR 37 million.

During 12 month period, ended 30 June 2021, the Group acquired 16% stock of Karčemos Kooperatinė Bendrovė for EUR 86 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 107 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

3.Group structure and changes in the Group (cont'd)

During July - August 2020 a subsidiary of AB Linas Agro Group UAB Dotnuva Baltic acquired 100% shares of UAB GeoFace for EUR 218 thousand from previous owners. Financial statements are presented below:

	UAB GeoFace EUR'000
Acquisition date for consolidation purposes	31 July 2020
Fair value	(unaudited)
Intangible assets, property, plant and equipment	212
Deffered income tax asset	24
Cash and cash equivalents	–
Total assets	**236**
Current liabilities	(21)
Total liabilities	**(21)**
Total identifiable net assets at fair value	**215**
Goodwill	3
Total purchase consideration	**218**
Cash consideration transferred	218
Less: cash acquired	–
Total purchase consideration, net of cash acquired	**218**

On 8 September 2020, SIA Dotnuva Baltic prolonged overdraft agreement with AS SEB banka till 22 September 2021. The total overdraft limit is EUR 1,5 million.

On 8 October 2020, AB Linas Agro founded a subsidiary in Estonia LINAS AGRO OU, share capital – EUR 100 thousand.

On 26 November 2020, UAB Linas Agro Konsultacijos, a subsidiary of AB Linas Agro Group, sold its subsidiary companies SIA Zemvalda Land Management Holdings 1-7 with belonging companies for EUR 13,603 thousand. In accordance with the requirements of IFRS 3, 10 and 16, the Group accounted the above-mentioned sale transaction as a sale and subsequent leaseback as the Group's subsidiaries would continue to lease the land from the companies, which the Group sold. In these financial statements, the Group accounted for the gain of EUR 1,925 thousand on proportion of the assets that relates to the rights transferred.. The gain consisted of new rights of use land assets, proportionally estimated from previously owned property, as well as from consideration received for shares sale and lease liabilities related with the right of use assets.

On 24 December 2020, the authorized capital of LLC Linas Agro Ukraine was increased by EUR 84,000 thousand.

On 12 January 2021, UAB Linas Agro Grūdų Centras KŪB and Cooperative ŽŪK KUPIŠKIO GRŪDAI started restructuring procedure to change the ownership form of the company.

On 20 January 2021, Karčemos Kooperatinė Bendrovė changed the ownership form of the company to private liability company UAB Karčemos Bendrovė.

On 22 February 2021, UAB KUPIŠKIO GRŪDAI registered after restructuring of ŽŪK KUPIŠKIO GRŪDAI.

On 23 February 2021, UAB Linas Agro Grūdų Centrai registered after restructuring of UAB Linas Agro Grūdų Centras KŪB.

On 6 May 2021, the Russian Federal Antimonopoly Service has adopted a resolution allowing AB Linas Agro Group to implement the concentration by acquiring the companies of KG Group operating in Russia (OOO VitOMEK (1157746009398), OOO VitOMEK (1117746107291) and OOO GeoMiks (1157746461663)).

On 12 May 2021, Klaipėdos universiteto ateities paramos fondas was registered in the Register of Legal Entities. AB Linas Agro Group participates as one of co-founders of the charity and sponsorship Fund.

On 2 June 2021, the authorized capital of Linas Agro OU increased by EUR 800 thousand.

The Company

On 9 July 2020, the Company transferred 1,000 of its own shares to Andrius Pranckevičius, the Member of the Board of the Comapany under AB Linas Agro Group Rules for Shares issues.

On 13 July 2020, the Company increased share capital of its subsidiary UAB Lineliai by EUR 70 thousand.

On 30 July 2020, the Company issued warranty to the AB SEB bank for the UAB Dotnuva Baltic amounted to EUR 24 million.

3.Group structure and changes in the Group (cont'd)

The Company (cont'd)

On 3 August 2020, the Company increased share capital of its subsidiary UAB Noreikiškės by EUR 30 thousand.

On 20 August 2020, the Company prolonged the overdraft limit agreement with OP Corporate Bank plc Lithuanian branch. The total overdraft limit is EUR 6 million till 30 August 2021.

On 25 August 2020, the Company prolonged loan agreement with AB Linas Agro for EUR 6,5 million till 30 August 2021.

On 26 August 2020, the Company signed loan agreement with UAB Linas Agro Grūdų Centras KŪB, total limit EUR 500 thousand; and received the loan.

On 22 September 2020, the Company signed the loan agreement with AB Linas Agro, total limit is EUR 6 million; and granted a loan of EUR 4 million by this agreement.

On 23 September 2020, the Company signed loan agreement with Akola Aps for EUR 6 million and received loan of EUR 6 million.

On 1 October 2020, the Company signed share purchase and sale agreements with the aim to acquire the block stock of shares of AB Kauno Grūdai, AB Kaišiadorių Paukštynas and AB Vilniaus Paukštynas and related companies. The total amount of the transaction is not disclosed by agreement of the parties.

On 1 October 2020, the Company signed deposit agreement for advance payment for signed share purchase and sale agreements with the shareholders of AB Kauno Grūdai, AB Kaišiadorių Paukštynas and AB Vilniaus Paukštynas.

On 5 October 2020, the Company paid EUR 2 million deposit as part of shares price (advance payment) according singed deposit agreement on 1 October 2020.

Changes in the Group during the 12 month period ended 30 June 2020

On 29 June 2020, the Group acquired 100 % of UAB Zemvados Turtas 7 sub-group, which is comprised of the holding company UAB Zemvaldos Turtas 7 and its subsidiary UAB Zemvados Turtas SPV 7 (100%), for EUR 1 065 thousand, to further expand business activities. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**UAB Zemvaldos turtas 7 sub-group EUR'000** 29 June 2020
Investment property	1,060
Cash and cash equivalents	3
Total assets	**1,063**
Non-current borrowings	–
Current borrowings	–
Trade payables	–
Other liabilities	–
Total liabilities	–
Total identifiable net assets at fair value	**1,063**
Non-controlling interest measured at the proportionate share of the net assets at fair value	–
Loss recognized on acquisition of subsidiary, recognised under Other income (Note 25)	(3)
Total purchase consideration	**1,060**
Cash consideration transferred*	–
Less: cash acquired	(3)
Total purchase consideration, net of cash acquired	**(3)**

*As at 30 June 2020, the Group owes to former shares owners EUR 1,065 thousand.

During 12 month period, ended 30 June 2020, the Group acquired 0.33% stock of Sidabravo ŽŪB for EUR 2 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 15 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

3.Group structure and changes in the Group (cont'd)

Changes in the Group during the 12 month period ended 30 June 2020 (cont'd)

During 12 month period, ended 30 June 2020, the Group acquired 0.05% stock of AS Putnu Fabrika Kekava for EUR 5 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 12 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

During 12 month period, ended 30 June 2020, the Group acquired 60% stock of Karčemos Kooperatinė Bendrovė for EUR 88 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 724 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

Acquisition of non-controlling interest in Sidabravo ŽŪB has resulted in an increase of the effective Group ownership of ŽŪK KUPIŠKIO GRŪDAI by 0.03% up to 99.16% as at 30 June 2020 with no result accounted directly in equity.

On 27 March 2020, the Group acquired 68.68% Kėdainiai District ŽŪB Nemunas for the EUR 1,808 thousand to further expand business activities. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date for consolidation purposes	**Kėdainiai District ŽŪB Nemunas EUR'000** 31 March 2020
Property, plant and equipment	2,958
Right of use assets (leased asset)	1,373
Financial asset	1
Deferred tax asset	8
Animals and livestock	282
Inventories	845
Prepayments and other current assets	43
Cash and cash equivalents	44
Total assets	**5,554**
Grants and subsidies	(66)
Non-current borrowings	(1,832)
Other non-current liabilities	(8)
Current borrowings	(446)
Trade payables	(986)
Other liabilities	(64)
Total liabilities	**(3,402)**
Total identifiable net assets at fair value	**2,152**
Non-controlling interest measured at the proportionate share of the net assets at fair value	(699)
Loss recognized on acquisition of subsidiary, recognised under Other income (Note 25)	(355)
Total purchase consideration	**1,098**
Cash consideration transferred*	**1,008**
Less: cash acquired	(44)
Total purchase consideration, net of cash acquired	**964**

*As at 30 June 2020, the Group owes to former shares owners EUR 800 thousand

During 12 month period, ended 30 June 2020, the Company increased the share capital of UAB Lineliai EUR 30 thousand, ŽŪB Noreikiškių EUR 35 thousand.

Accumulation of the expenses for share options agreements with employees of AB Linas Agro Group subsidiaries as described in Note 27, has resulted in an EUR 1 410 thousand increase of the cost of the investment to AB Linas Agro, UAB Linas Agro Konsultacijos,UAB Dotnuva Baltic, UAB Linas Agro Grūdų Centras KŪB, AS Putnu fabrika Kekava.

On 6 January 2020, the Group increased the share capital of UAB Kekava Foods LT by EUR 5 thousand.

On 13 May 2020, the Group increased the share capital of SIA Dotnuva Baltic by EUR 3,000 thousand.

On 16 June 2020, the Group increased the share capital of UAB Linas Agro Konsultacijos by EUR 5,808 thousand.

(all amounts are in thousand euros unless otherwise stated) 43

4.Segment information

For management purpose the Group is organized into five operating segments based on their products and services as follows:

- the grain and feedstuff handling and merchandising includes trade in wheat, rapeseed, barley and other grains and oilseeds, suncake and sunmeal, sugar beet pulp, soymeal, vegetable oil, rapecake and other feedstuffs, grain storage and logistics services;
- the products and services for farming segment includes sales of fertilizers, seeds, plant protection products, machinery and equipment, grain storage facilities, spare parts and other equipment to agricultural produce growers and grain storage companies;
- the agricultural production segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- food products segment includes poultry and other food final products;
- the other products and services segment includes sales of biofuel and other products and services.

The Group's chief financial officer monitors the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Group financing (including finance cost and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between the Group companies are based on market prices in a manner similar to transactions with third parties.

Group *Financial year ended* **30 June 2021**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Food products**	**Other products and services**	**Not attributed to any specified segment**	**Adjustments and elimina-tions**	**Total**
Revenue from contracts with customers								
Third parties	677,816	173,196	19,299	72,035	96	–	–	942,442
Intersegment	1,831	7,032	14,103	–	–	–	(22,966)[1)]	–
Total revenue from contracts with customers	**679,647**	**180,228**	**33,402**	**72,035**	**96**	**–**	**(22,966)[1)]**	**942,442**
Results								
Operating expenses[6)]	(8,906)	(13,895)	(3,923)	(6,909)	(42)	(4,691)	–	(38,366)
Depreciation and amortisation	(2,323)	(2,044)	(2,350)	(4,902)	–	(130)	–	(11,749)
Write-off bad debts and change in provisions for doubtful debts	(161)	146	12	7	–	–	–	4
Impairment of property plant and equipment	–	105	–	–	–	–	–	105
Segment operating profit (loss)	**6,053**	**8,758**	**11,433**	**(2 040)**	**(75)**	**(4,537)**	**–**	**19,592**
Assets								
Capital expenditure[2)]	615	5,937	3,065	2,471	–	8	–	12,096
Non-current assets	36,520	19,826	64,203	42,972	–	5,950[3)]	–	169,471
Current assets	42,782	149,333	31,414	21,114	–	7,009[4)]	–	251,652
Total assets	**79,302**	**169,159**	**95,617**	**64,086**	**–**	**12,959**	**–**	**421,123**
Current liabilities	25,694	105,931	11,740	23,884	–	7,616[5)]	–	174,865

(all amounts are in thousand euros unless otherwise stated) 44

4.Segment information (cont'd)

Group *Financial year ended* **30 June 2020**	**Grain and feedstuff handling and merchandising**	**Products and services for farming**	**Agricultural production**	**Food products**	**Other products and services**	**Not attributed to any specified segment**	**Adjustments and elimina-tions**	**Total**
Revenue from contracts with customers								
Third parties	415,591	149,372	18,344	74,376	17	–	–	657,700
Intersegment	3,287	6,748	9,969	–	–	–	(20,004)[1)]	–
Total revenue from contracts with customers	**418,878**	**156,120**	**28,313**	**74,376**	**17**	**–**	**(20,004)[1)]**	**657,700**
Results								
Operating expenses[6)]	(6,193)	(13,294)	(3,525)	(8,668)	–	(3,360)	–	(35,040)
Depreciation and amortisation	(2,742)	(1,283)	(2,270)	(4,495)	–	(59)	–	(10,849)
Provisions for onerous contracts	1,009	–	–	–	–	–	–	1,009
Write-off bad debts and change in provisions for doubtful debts	22	(309)	(11)	(46)	–	–	–	(344)
Impairment of property plant and equipment	(3)	–	–	–	–	–	–	(3)
Segment operating profit (loss)	**6,225**	**3,555**	**6,358**	**2,183**	**–**	**(3,494)**	**–**	**14,827**
Assets								
Capital expenditure[2)]	595	3,744	2,433	5,570	–	341	–	12,683
Non-current assets	38,856	17,548	61,704	46,286	–	7,999[3)]	–	172,393
Current assets	39,212	138,855	28,019	16,149	54	10,739[4)]	–	233,028
Total assets	**78,068**	**156,403**	**89,723**	**62,435**	**54**	**18,738**	**–**	**405,421**
Current liabilities	25,771	100,067	8,165	12,566	–	30,817[5)]	–	177,386

1) Intersegment revenue is eliminated on consolidation.
2) Capital expenditure consists of additions of intangible assets, property, plant and equipment and investment property and reclassifications from inventories.
3) The amount includes not rented investment property, part of property, plant and equipment, other investments, prepayments for financial assets, non-current loans receivable from related parties, non-current loans receivable from employees and deferred income tax asset.
4) The amount includes current loans receivable from related parties, part of other accounts receivable (excluding receivable from National Paying Agency), restricted cash, cash and cash equivalents.
5) As at 30 June 2021 and 30 June 2020 the amount mainly includes income and other taxes payable, current payables to and current loans payable to related parties, and part of borrowings, which are managed on the Group basis.
6) The operating expenses of administration, management departments are shown in Not attributed to any specified segment. The operating expenses of agricultural department are shown in the following order: ½ share in Grain and feedstuff handling and merchandising segment, the rest share in Products and services for farming.

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4.Segment information (cont'd)

Revenue from contracts with customers / Income includes:

	Group		***Company***	
	Financial year ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Revenue from contracts with customers	942,442	657,700	784	543
Dividends from subsidiaries	–	–	1,650	1,598
Rental and other income	–	–	521	179
	942,442	**657,700**	**2,955**	**2,320**

Revenue from contracts with customers by their geographical segments	**Group**	
	Financial year ended	
	30 June 2021	30 June 2020
Lithuania	220,297	193,642
Europe (except for Scandinavian countries, CIS and Lithuania)	271,151	226,215
Scandinavian countries	108,203	88,004
Africa	275,969	93,096
Asia	31,042	38,620
CIS	35,780	18,123
	942,442	**657,700**

Revenue from the largest customer amounted to EUR 110,076 thousand for the year ended 30 June 2021. Revenue from the largest customer amounted to EUR 31,375 thousand for the year ended 30 June 2020. Sales for largest customers are accounted for under grain and feedstuff handling and merchandising caption of business segments for the years ended 30 June 2021 and 2020.

The revenue information above is based on the location of the customer.

Non-current assets	**Group**	
	As at 30 June 2021	As at 30 June 2020
Lithuania	90,379	93,701
Latvia	61,916	61,823
Estonia	1,530	890
Ukraine	14	19
	153,839	**156,433**

Non-current assets for this purpose consist of property, plant and equipment, investment property, intangible assets and right of use assets.

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5.Intangible assets

Group	Software	Other intangible assets	Goodwill	Total
Cost:				
Balance as at 30 June 2019	1,089	749	1,971	3,809
Additions	167	8	–	175
Write-offs	(182)	(1)	–	(183)
Reclassifications	484	(484)	–	–
Balance as at 30 June 2020	1,558	272	1,971	3,801
Additions	22	213	–	235
Aqcuisition of the subsidiaries	–	212	3	215
Write-offs	–	(17)	–	(17)
Balance as at 30 June 2021	1,580	680	1,974	4,234
Accumulated amortization:				
Balance as at 30 June 2019	687	110	–	797
Charge for the year	138	22	–	160
Write-offs	(181)	(1)	–	(182)
Balance as at 30 June 2020	644	131	–	775
Charge for the year	161	24	–	185
Write-offs	–	(17)	–	(17)
Balance as at 30 June 2021	805	138	–	943
Impairment losses:				
Balance as at 30 June 2019	–	–	1,121	1,121
Balance as at 30 June 2020	–	–	1,121	1,121
Balance as at 30 June 2021	–	–	1,121	1,121
Net book value as at 30 June 2021	**775**	**542**	**853**	**2,170**
Net book value as at 30 June 2020	**914**	**141**	**850**	**1,905**
Net book value as at 30 June 2019	**402**	**639**	**850**	**1,891**

The Group has no internally generated intangible assets. Amortization expenses of intangible assets are included within operating expenses in the statement of comprehensive income.

Part of the intangible assets of the Group with the acquisition value of EUR 721 thousand as at 30 June 2021 was fully amortized (EUR 594 thousand as at 30 June 2020) but was still in active use.

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6.Property, plant and equipment

Group	Land 1)	Buildings and structures 1)	Machinery and equipment 1)	Vehicles 1)	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 30 June 2019	21,556	106,401	58,350	5,593	5,096	4,470	201,466
Additions	612	202	4,242	1,176	582	5,591	12,405
Acquisition of subsidiaries (Note 3)	1,571	708	616	35	16	12	2,958
Disposals and write-offs	(818)	(242)	(4,162)	(1,395)	(751)	(66)	(7,434)
Transfers to investment property	(24)	–	–	–	–	–	(24)
Reclassifications	5	5,571	424	28	1,052	(7,080)	–
Transfer from/to inventories	–	–	1,554	–	–	–	1,554
Balance as at 30 June 2020	22,902	112,640	61,024	5,437	5,995	2,927	210,925
Additions	291	108	2,835	1,612	515	2,785	8,146
Disposals and write-offs	(5)	(352)	(4,064)	(635)	(159)	(63)	(5,278)
Reclassification	37	1,743	1,513	7	137	(3,437)	–
Disposals of subsidiaries	(4,055)	–	–	–	–	–	(4,055)
Transfer from/to inventories	–	–	3,692	–	–	–	3,692
Balance as at 30 June 2021	19,170	114,139	65,000	6,421	6,488	2,212	213,430
Accumulated depreciation:							
Balance as at 30 June 2019	129	39,136	26,748	3,083	3,420	–	72,516
Charge for the year	46	4,102	4,185	747	532	–	9,612
Disposals and write-offs	(58)	(34)	(3,398)	(1,068)	(666)	–	(5,224)
Reclassifications	–	–	(66)	26	40	–	–
Balance as at 30 June 2020	117	43,204	27,469	2,788	3,326	–	76,904
Charge for the year	33	4,356	4,549	549	658	–	10,145
Disposals and write-offs	–	(250)	(1,916)	(454)	(155)	–	(2,775)
Reclassifications	–	–	–	–	–	–	–
Balance as at 30 June 2021	150	47,310	30,102	2,883	3,829	–	84,274
Impairment losses:							
Balance as at 30 June 2019	–	667	163	–	42	–	872
Disposals and write-offs	–	–	(1)	–	(7)	–	(8)
Balance as at 30 June 2020	–	667	162	–	35	–	864
Change for the year	–	(38)	(63)	–	(4)	–	(105)
Disposals and write-offs	–	–	(99)	–	(1)	–	(100)
Balance as at 30 June 2021	–	629	–	–	30	–	659
Net book value as at 30 June 2021	**19,020**	**66,200**	**34,898**	**3,538**	**2,629**	**2,212**	**128,497**
Net book value as at 30 June 2020	**22,785**	**68,769**	**33,393**	**2,649**	**2,634**	**2,927**	**133,157**
Net book value as at 30 June 2019	**21,427**	**66,598**	**31,439**	**2,510**	**1,634**	**4,470**	**128,078**

1) The comparative information for the groups of items presented in the financial statements has been restated. In 2021, the Company reviewed the methodology of items grouping in the separate and consolidated financial statements to more accurately reflect the distribution of the items in the financial statements and to adjust the comparative figures for 2020/2019.

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6.Property, plant and equipment (cont'd)

The Group's depreciation charge for the years ended 30 June 2021 and 30 June 2020 was included into the following captions:

	Financial year ended	
	30 June 2021	30 June 2020
Cost of sales	8,873	8,304
Operating expenses	770	693
Other expenses	145	156
Biological assets	357	460
	10,145	**9,613**

Depreciation amount was decreased in the statement of comprehensive income by EUR 521 thousand for the year ended 30 June 2021 (EUR 531 thousand for the year ended 30 June 2020) by the amortisation of grants received by the Group (Note 18).

As at 30 June 2021, part of property, plant and equipment of the Group with the net book value of EUR 93,249 thousand (EUR 94,460 thousand as at 30 June 2020), was pledged to banks as a collateral for the loans (Note 19).

Part of property, plant and equipment with the acquisition cost of EUR 16,163 thousand was fully depreciated as at 30 June 2021 (EUR 17,016 thousand as at 30 June 2020), but was still in active use.

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7. Right-of-use Assets

Group	**Land**	**Buildings and structures**	**Machinery and equipment**	**Vehicles**	**Total**
Cost:					
Balance as at 30 June 2019	–	–	–	–	–
Effect of adoption of IFRS 16 1 July 2019	12,696	2,630	2,096	1,848	19,270
Additions	2,742	380	459	898	4,476
Acquisition of subsidiaries (Note 3)	1,373	–	–	–	1,373
Disposals and write-offs	(1,615)	(340)	(10)	(12)	(1,977)
Balance as at 30 June 2020	15,196	2,670	2,545	2,734	23,145
Additions	8,843	407	151	780	10,181
Disposals and write-offs	(2,828)	(480)	(511)	(165)	(3,984)
Balance as at 30 June 2021	21,211	2,597	2,185	3,349	29,342
Accumulated depreciation:					
Balance as at 30 June 2019	–	–	–	–	–
Charge for the year	1,837	495	827	717	3,876
Disposals and write-offs	(144)	(20)	(7)	–	(171)
Balance as at 30 June 2020	1,693	475	820	717	3,705
Charge for the year	2,123	436	849	877	4,285
Disposals and write-offs	(545)	(125)	(465)	(66)	(1,201)
Balance as at 30 June 2021	3,271	786	1,204	1,528	6,789
Net book value as at 30 June 2021	**17,940**	**1,811**	**981**	**1,821**	**22,553**
Net book value as at 30 June 2020	**13,503**	**2,195**	**1,725**	**2,017**	**19,440**
Net book value as at 30 June 2019	**–**	**–**	**–**	**–**	**–**

The Group's depreciation charge for the years ended 30 June 2021 and 30 June 2020 was included into the following captions:

	Financial year ended	
	30 June 2021	30 June 2020
Cost of sales	1,069	1,027
Operating expenses	1,247	1,037
Biological assets	1,969	1,812
	4,285	**3,876**

Within the Group, leases relate to real estate, land, vehicles and equipment. In a large number of cases the leases contain extension options. Leases may also contain index-based lease payments that is linked to the Consumer Price Index.

As at 30 June 2021 and 30 June 2020, Interest expenses included in result of financing activities was:

	Financial year ended	
	30 June 2021	30 June 2020
Interest expenses included in result of financing activities (Note 26)	(255)	(83)
	(255)	**(83)**

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8.Investment property

Investment property of the Group consists of land and buildings leased out under the operating lease which generates lease income and land and buildings which were not used in the Group's activities as at 30 June 2021.

Cost:	**Land**	**Buildings**	**Total**
Balance as at 30 June 2019	1,039	124	1,163
Additions	51	4	55
Acquisition of subsidiaries (Note 3)	1,060	–	1,060
Disposals and write-offs	(262)	–	(262)
Transfers from property, plant and equipment	24	–	24
Balance as at 30 June 2020	1,912	128	2,040
Additions	–	23	23
Disposals and write-offs	(217)	(110)	(327)
Reclassification	(13)	13	–
Disposals of subsidiaries (Note 3)	(1,060)	–	(1,060)
Balance as at 30 June 2021	622	54	676
Accumulated depreciation:			
Balance as at 30 June 2019	3	51	54
Charge for the year	1	3	4
Disposals and write-offs	(3)	–	(3)
Balance as at 30 June 2020	1	54	55
Charge for the year	–	3	3
Disposals and write-offs	–	(55)	(55)
Balance as at 30 June 2021	1	2	3
Impairment losses:			
Balance as at 30 June 2019	51	–	51
Charge for the year	–	3	3
Balance as at 30 June 2020	51	3	54
Balance as at 30 June 2021	51	3	54
Net book value as at 30 June 2021	**570**	**49**	**619**
Net book value as at 30 June 2020	**1,860**	**71**	**1,931**
Net book value as at 30 June 2019	**985**	**73**	**1,058**

Investment property of the Company consists of buildings leased out under the operating lease which generates lease income.

As at 30 June 2021, part of investment property of the Group with the net book value of EUR 90 thousand (EUR 224 thousand as at 30 June 2020), was pledged to banks as a collateral for the loans (Note 19). As at 30 June 2020 the Company was pledged all its investment property to the bank as collateral for the loan received by its subsidiary AB Linas Agro (Note 19).

As at 30 June 2021, part of investment property of the Group and the Company with the net book value of EUR 83 thousand and EUR 0, respectively (EUR 112 thousand and EUR 0, respectively as at 30 June 2020) was not used in the Group's and the Company's activities.

Fair value of the Group's and the Company's investment property as at 30 June 2021 is EUR 2,338 thousand and EUR 41 thousand, respectively (as at 30 June 2020 EUR 4,010 thousand and EUR 41 thousand, respectively). Fair value has been determined based on valuations performed by independent valuators at near reporting date using the comparable prices method (Level 2).

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9.Non-current receivables and prepayments

	Group		Company	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Trade receivables from agricultural produce growers due after one year	575	851	–	–
Other trade receivables	145	141	–	–
Loans receivable from related parties after one year (Note 30)	–	–	7,135	10,595
Net investment, related with sublease	–	–	10,054	–
Loans receivable after one year	–	220	–	–
Loans to employees	–	49	–	–
Less: allowance for doubtful non-current receivables	–	–	–	–
	720	**1,261**	**17,189**	**10,595**
Non-current prepayments for services	1,241	1,596	–	–
Non-current prepayments	**1,241**	**1,596**	**–**	**–**

The Group company AB Linas Agro and SIA KS Terminal are signed a long term cooperation agreement for expansion of a grain terminal. AB Linas Agro participates by financing expansion of the grain terminal and have an exclusive right to use the warehouses stowing 49 thousand tons of grain and to use the terminal for loading. As at 30 June 2021 the balance of prepayments was EUR 1,441 thousand, according to the agreement. The amounts were disclosed as non-current prepayments EUR 1,241 thousand (EUR 1,596 thousand as at 30 June 2020) and current prepayments EUR 200 thousand (EUR 200 thousand as at 30 June 2020).

Movements in the allowance for impairment of the Group's non-current receivables were as follows:

	Individually impaired
Balance as at 30 June 2019	–
Balance as at 30 June 2020	–
Balance as at 30 June 2021	–

None of the Group's non-current receivables as at 30 June 2021 and 30 June 2020 were overdue.

As at 30 June 2021 part of non-current receivables of the Group with the net book value of EUR 518 thousand was pledged to banks as a collateral for the loans (EUR 667 thousand as at 30 June 2020).

Net investment as at 2021 June 30:

	Company
Less than one year	565
One to two years	565
Two to three years	565
Three to four years	565
Four to five years	565
More than five years	10,972
Total undiscounted lease receivable	**13,797**
Unearned finance income	(3,427)
Net investment in the lease	**10,370**

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10.Biological assets

Fair value of the Group's animals and livestock:

	Milking cows (level 3)	Heifers (level 2)	Bulls and fattening cattle (level 2)	Poultry (level 3)	Other	Total animals and livestock
Fair value as at 30 June 2019	4,716	2,433	734	4,090	–	11,973
Acquisition of subsidiaries (Note 3)	172	67	43	–	–	282
Acquisition	–	–	2	969	2,358	3,329
Births	–	126	96	1,524	–	1,746
Makeweight	–	2,225	861	40,578	–	43,664
Transfers between groups	1,795	(1,871)	76	–	–	–
Disposals	(1,584)	(377)	(1,315)	(43,284)	(2,014)	(48,574)
Write-offs and falls	(151)	(42)	(25)	(420)	(315)	(953)
Change in fair value of biological assets	(336)	–	42	836	–	542
Fair value as at 30 June 220	4,612	2,561	514	4,293	29	12,009
Acquisition	–	–	–	13,721	2,324	16,045
Births	–	136	103	359	–	598
Makeweight	–	2,143	914	28,143	–	31,200
Transfers between groups	1,801	(2,052)	251	–	–	–
Disposals	(1,841)	(405)	(1,180)	(41,011)	(2,036)	(46,473)
Write-offs and falls	(162)	(37)	(18)	(402)	(310)	(929)
Change in fair value of biological assets	472	–	(144)	(1 595)	–	(1,267)
Fair value as at 30 June 2021	**4,882**	**2,346**	**440**	**3,508**	**7**	**11,183**

As at 30 June 2021 part of poultry amounting to EUR 2,394 thousand is disclosed as current assets (EUR 2,580 thousand as at 30 June 2020).

Quantity according to biological assets group:	Milking cows (level 3)	Heifers (level 2)	Bulls and fattening cattle (level 2)	Poultry (level 3)	Total animals and livestock
As at 30 June 2021	3,180	3,545	1,114	2,296,741	2,304,580
As at 30 June 2020	3,403	3,727	1,370	2,923,362	2,931,862
Output according to biological assets group for the year ended (t) (unaudited):					
As at 30 June 2021	35,133	710	403	47,913	84,159
As at 30 June 2020	35,363	736	469	45,271	81,839

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10.Biological assets (cont'd)

Fair value of the Group's crops (level 3):

	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
Fair value as at 30 June 2019	**5,563**	**4,222**	**3,207**	**1,230**	**14,222**
Additions	6,704	4,488	5,059	3,176	19,427
Harvested assets	(6,953)	(5,202)	(4,753)	(3,041)	(19,949)
Write-offs	(1)	(12)	–	–	(13)
Fair value adjustment on biological assets (Note 24)	2,239	1,737	1,225	90	5,291
Fair value as at 30 June 2020	**7,552**	**5,233**	**4,738**	**1,455**	**18,978**
Additions	5,937	3,530	4,116	3,303	16,886
Harvested assets	(8,116)	(5,019)	(5,149)	(3,054)	(21,338)
Reclassifications	(25)	10	–	15	–
Write-offs	(48)	(2)	–	–	(50)
Fair value adjustment on biological assets (Note 24)	2,267	726	2,372	70	5,435
Fair value as at 30 June 2021	**7,567**	**4,478**	**6,077**	**1,789**	**19,911**

Crops under groups:	**Winter cultures**	**Summer cultures**	**Rapeseeds**	**Feeding cultures**	**Total crops**
Total sowed (ha)	6,772	4,712	3,401	3,424	18,309
Total sowed (ha)	6,533	4,985	3,572	3,198	18,288

Harvested crops under groups (unaudited):					
Total harvest for the year ended 30 June 2020 (t)	37,056	20,008	9,288	93,763	160,115
Total harvest for the year ended 30 June 2021 (t)	51,373	28,655	13,573	74,282	167,883

During the years ended 30 June 2021 and 2020 there were no transfers between the different levels of fair value hierarchy.

As at 30 June 2021, part of animals and livestock of the Group with the carrying value of EUR 6,241 thousand (EUR 7,582 thousand as at 30 June 2020) were pledged to banks as a collateral for the loans (Note 19).

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11. Inventories

	Group	
	As at 30 June 2021	As at 30 June 2020
Purchased goods for resale	78,173	68,574
Raw materials and other inventories	11,492	13,153
Commitments to purchase agricultural produce (Note 15)	1,164	(671)
Right of returnable asset	–	–
Less: net realizable value allowance	(1,537)	(1,519)
	89,292	**79,537**

The carrying value of the Group's inventories accounted for at net realizable value as at 30 June 2021 amounted to EUR 17,042 thousand (EUR 14,505 thousand as at 30 June 2020). The amount of write-down of inventories to net realizable value recognized as an expense in the year ended 30 June 2021 is EUR 18 thousand (EUR 204 thousand in the year ended 30 June 2020), and is recognized in cost of sales of the statement of comprehensive income.

As at 30 June 2021 part of inventories of the Group with the carrying value of EUR 61,544 thousand (EUR 57,528 thousand as at 30 June 2020) were pledged to banks as collateral for the loans (Note 19).

12. Prepayments

	Group	
	As at 30 June 2021	As at 30 June 2020
Prepayments to agricultural produce growers	1,867	197
Prepayments to other suppliers	3,890	5,025
Prepayments for services (Note 9)	200	200
Less: allowance for doubtful prepayments to other suppliers	–	–
	5,957	**5,422**

During year ended 30 June 2021 and 30 June 2020, prepayments were made directly to agricultural produce growers of production growers or other suppliers. These payments are non-interest bearing and are generally collectible from the agricultural produce growers within 120 - 360 days by delivering grain to the Group.

As at 30 June 2021 part of prepayments of the Group with the carrying value of EUR 2,330 thousand (EUR 3,048 thousand as at 30 June 2020) were pledged to banks as collateral for the loans (Note 19).

13. Trade receivables

	Group	
	As at 30 June 2021	As at 30 June 2020
Trade receivables from agricultural produce growers	80,567	84,092
Trade receivables from other customers	27,530	30,091
Less: allowance for doubtful trade receivables	(3,387)	(3,705)
	104,710	**110,478**

Trade receivables from other customers are non-interest bearing and are generally collectible on 30–90 days term. Trade receivables from agricultural produce growers are non-interest bearing and are generally settled within 120–360 days by delivering grain to the Group.

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13. Trade receivables (cont'd)

IFRS 9 requires the Group and the Company to recognize expected credit losses for all debt instruments that are not measured at fair value through profit or loss and for assets arising from contracts with clients.

The Group and the Company uses the expected loss rate (ELR) matrix to calculate expected credit losses (ECL) of trade receivables. Expected credit loss rates are based on the client's past history, which is grouped by client type. The ELR matrix is based on the historical information of the Group and the Company on client default. The Group and the Company adjusts the matrix values to include predictable future information. For example, if the economy of the next year is likely to deteriorate/slow down according to future forecasts (e.g. GDP level), which may increase the rate of default, historical expected loss rates will be adjusted to reflect future forecasts. Historical credit loss rates are reviewed in each reporting period.

When assessing the allowance of trade receivables, individual client debts are grouped according to the past due period. Below are the expected credit loss rates used to calculate ECL:

		Past due		
	Non- overdue	**Less than 90 days**	**91 - 180 days**	**More than 180 days**
2020	0.10%	5.57%	6.70%	22.77%
2021	0.09%	0.09%	5.48%	27.52%

Movements in the allowance for impairment of the Group's trade receivables were as follows:

	Individually impaired
Balance as at 30 June 2019	3,897
Charge for the year	834
Reversed during the year	(390)
Written-off during the year	(636)
Balance as at 30 June 2020	3,705
Charge for the year	307
Reversed during the year	(449)
Written-off during the year	(176)
Balance as at 30 June 2021	3,387

Changes in allowance for trade receivables for the years ended 30 June 2021 and 30 June 2020 were included into operating expenses in the statement of comprehensive income (Note 24).

The ageing analysis of the Group's trade receivables as at 30 June 2021 and 30 June 2020 is as follows (less allowance):

		Past due			Total
	Trade receivables not past due	**Less than 90 days**	**91 - 180 days**	**More than 180 days**	
2020	102,620	6,831	301	726	110,478
2021	97,405	6,779	114	412	104,710

As at 30 June 2021 the Group transferred rights to part of its trade receivables with the value of EUR 114,713 thousand (EUR 98,465 thousand as at 30 June 2020) to banks as collateral for the loans (Note 18). Factorised trade receivables in the amount of EUR 170 thousand as at 30 June 2021 (EUR 130 as at 30 June 2020) are included in aggregate amount of collateral for the loans.

The fair value of the Group's and the Company's trade receivables approximate their carrying amount.

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14.Other accounts receivable and contract assets

	Group	
Financial assets	As at 30 June 2021	As at 30 June 2020
National Paying Agency	3,172	2,450
Loans receivable	775	372
Loans granted to the Group employees	–	18
Interest receivable	22	4
Contract assets	1,702	1,011
Receivable for assets held for sale	468	236
Other receivables	796	438
Less: allowance for doubtful loans receivable	(24)	(24)
	6,911	**4,505**
Non-financial assets		
VAT receivable	2,730	359
Other recoverable taxes	98	30
	2,828	**389**
	9,739	**4,894**

Changes in allowance for other accounts receivables for the years ended 30 June 2021 and 2020 were included into operating expenses in the statement of comprehensive income (Note 24).

Movements in the allowance for impairment of the Group's other accounts receivable were as follows:

	Individually impaired
Balance as at 30 June 2019	24
Reversed during the year	–
Written-off during the year	–
Balance as at 30 June 2020	24
Reversed during the year	–
Written-off during the year	–
Balance as at 30 June 2021	24

The ageing analysis of the Group's other receivables (except for non-financial assets) as at 30 June 2021 and 30 June 2020 is as follows:

		Past due but not impaired				
	Other accounts receivable neither past due nor impaired	**Less than 90 days**	**91 - 180 days**	**181 - 270 days**	**More than 271 days**	**Total**
2020	4,505	–	–	–	–	4,505
2021	6,911	–	–	–	–	6,911

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15.Other financial assets and derivative financial instruments

The Group uses the hierarchy described in Note 2.26 for determining and disclosing the fair value of financial instruments by valuation technique:

			Group	
			As at 30 June 2021	As at 30 June 2020
Derivative financial instruments				
Derivative financial instruments used to hedge the price risk (current portion) – assets (liabilities)	Level 1	a)	(33)	588
Foreign exchange forward and swap contracts – liabilities	Level 2		3	(101)
Other derivatives			(1)	(27)
			(31)	460
Other financial assets				
Restricted cash		b)	1,030	656
Other financial assets			567	248
			1,597	**904**

The Group concludes forward agreements (with fixed price) with Lithuanian and Latvian agricultural production growers for purchase/sale of agricultural produce. For part of such agreements the Group does not have agreed sales/purchases contracts with fixed price. As at 30 June 2021 to hedge the arising risk of price fluctuations for the total amount of such unutilised purchase or sales commitments the Group concluded futures contracts that are traded on NYSE Euronext Paris SA exchange.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the forward agreement match the terms of the commodity future contract (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity future contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:
• Differences in the timing of the cash flows of the hedged items and the hedging instruments
• The counterparties' credit risk differently impacting the fair value movements of the hedging instruments
and hedged items
• Changes to the forecasted amount of cash flows of hedged items and hedging instruments

a) Derivative financial instruments used to hedge the price risk were attributed to the category of fair value hedge. As at 30 June 2021 the negative fair value of such futures contracts was equal to EUR 34 thousand (EUR 563 thousand of negative fair value as at 30 June 2020). These results are accounted for in cost of sales in the statement of comprehensive income. Hedged item (commitments to purchase agricultural produce) of EUR 804 thousand of loss (EUR 1,031 thousand of gain as at 30 June 2020) is accounted for as inventories (Note 11) in the statement of financial position and in cost of sales in the statement of comprehensive income by netting with gain and losses arising from the hedge instrument. Derivative financial instruments used for trading are accounted in other income (expenses).

b) As at 30 June 2021 and 30 June 2020 restricted cash balance mostly consists of cash at bank account, held as a deposit for trading in the futures exchange.

Where the fair value of other financial assets can't be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. Where possible, these models use market data but where this is not feasible a certain assumptions are used in establishing fair values.

15.Other current financial assets and derivative financial instruments (cont'd)

The Group has recognized gain resulting from ineffective hedge in amount of EUR 245 thousand in costs of sales account for the year ended 30 June 2021 (EUR 347 thousand gain for the year ended 30 June 2020).

The Group is holding the following commodity future contracts:

As at 30 June 2021	**September 2021**	**November 2021**	**November 2021***	**December 2021**	**March 2022**	**Total**
Commodity future contracts						
Notional amount (in tonnes, thousand)	11	31	–	150	3	195
Notional amount in EUR, thousand	65	(663)	(1)	556	9	(34)
Average hedged rate (EUR thousand per tonne)	5.91	(21.39)	–	(3.71)	3	(0.17)

*Open derivatives are related to inefficient hedging relationships or are not intended for hedging.

As at 30 June 2020	**November 2020**	**December 2020**	**December 2020***	**February 2021**	**February 2021***	**March 2021**	**March 2021***	**Total**
Commodity future contracts								
Notional amount (in tonnes, thousand)	12	98	–	2	–	13	–	125
Notional amount in EUR, thousand	(176)	656	(2)	(3)	(4)	111	(19)	563
Average hedged rate (EUR thousand per tonne)	(14.67)	6.69	–	(1.50)	–	8.54	–	4.50

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16.Cash and equivalents

	Group		Company	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Cash at bank	17,939	9,120	6,577	221
Cash in transit	25	372	–	1
Cash on hand	43	47	–	–
	18,007	**9,539**	**6,577**	**222**

As at 30 June 2021 the Group pledged cash of EUR 6,568 thousand (EUR 5,298 thousand as at 30 June 2020) to banks as collateral for the loans (Note 19).

As at 30 June 2021 and 30 June 2020 there were no restrictions on use of cash balances held in the pledged accounts (Note 19).

17.Reserves

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated in accordance with International Financial Reporting Standards, are compulsory until the reserve reaches 10% of the share capital. As at 30 June 2021 the legal reserve is EUR 3,911 thousand (as at 30 June 2020 – EUR 3,850 thousand). Legal reserve was not fully formed as at 30 June 2021 and 30 June 2020.

Reserve for own shares

A reserve for own shares acquisition in amount of EUR 5,000 thousand was formed based on the decision of the annual general meeting of the Company's shareholders, held on 31 October 2018. Purpose of acquisition of own shares is to maintain and increase the price of the Company's shares. The time limit within which the Company may acquire its own shares is 18 months from 31 October 2018 till 30 April 2020.

During the year ended 30 June 2021 the Company disposed of 1,000 own shares, net result of this transaction is recognised directly to the statement of changes in equity. During the year ended 30 June 2020 the Company disposed of 2,000 own shares, net result of this transaction is recognised directly to the statement of changes in equity.

Foreign currency translation reserve

The foreign currency translation reserve results from currency exchange rate differences arising on consolidation of Linas Agro A/S , LLC LINAS AGRO UKRAINE as at 30 June 2021 and as at 30 June 2020.

Share based payments reserve

As at 30 June 2021 the Group/ Company has accounted related expenses with share options of employees participating in share options incentive as share based payments reserve to EUR 932 thousand (as at 30 June 2020 – EUR 525 thousand), additional information is disclosed Note 28.

18.Grants and subsidies

The movement of grants related with asset, received by the Group is as follows:

Balance as at 30 June 2019	6,809
Acquisition of subsidiary (Note 3)	66
Received	30
Amortisation	(617)
Balance as at 30 June 2020	6,288
Received	834
Accrued	320
Amortisation	(604)
Balance as at 30 June 2021	6,838

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18.Grants and subsidies (cont'd)

As at 30 June 2021 the amount is disclosed in the statement of financial position as non-current liabilities (EUR 6,372 thousand) and other current liabilities (EUR 466 thousand) (as at 30 June 2020 EUR 5,745 thousand as non-current liabilities and EUR 543 thousand - as other current liabilities).

The major part of the Group's grants consists of the funds received from the European Union and National Paying Agency for the purpose of an acquisition of machinery and equipment (property, plant and equipment).

The amortisation of grants of the Group for the years ended 30 June 2021 and 30 June 2020 was included into the following captions:

	Group	
	Financial year ended	
	30 June 2021	30 June 2020
Cost of sales (reducing the depreciation expenses of related assets)	515	525
Operating expenses	6	6
Biological assets	83	86
	604	**617**

For the years ended 30 June 2021 and 30 June 2020 the Group also received subsidies for animals and livestock, crops and milk in the total amount of EUR 3,657 thousand and EUR 3,312 thousand, respectively (Note 25). Also for the year ended 30 June 2021 Group received grants for poultry activity, related with COVID 19 (Note 25).

19.Borrowings

	Group		***Company***	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Non-current borrowings				
Bank borrowings secured by the Group assets	13,056	18,692	–	–
Other non-current related parties borrowings (Note 30)	–	–	1,206	1,236
	13,056	**18,692**	**1,206**	**1,236**
Current borrowings				
Current portion of non-current bank borrowings	17,119	13,130	–	–
Current bank borrowings secured by the Group assets	57,104	92,476	8	6,483
Other current borrowings	11	253	–	–
Other current related parties borrowings (Note 31)	–	–	13,017	1,637
Current stockholders borrowings (Note 31)	6,000	–	6,000	
	80,234	**105,859**	**19,025**	**8,120**
	93,290	**124,551**	**20,231**	**9,356**

Interest payable is normally settled monthly throughout the financial year.

As at 30 June 2021 and 30 June 2020 part of shares, property, plant and equipment, investment property, biological assets, non current receivables, inventories, prepayments trade receivables and bank accounts were pledged to banks as a collateral for the loans (Notes 3, 6, 8, 9, 10, 11, 12, 13, 16).

Compliance with the covenants of the borrowing agreements

As at 30 June 2020 Karčemos Kooperatinė Bendrovė did not comply with the covenants and received bank waivers in terms of covenants breach till the end of the financial year (the sum of the borrowings – EUR 425 thousand).

As at 30 June 2021 AS Putnu Fabrika Kekava has not fulfilled part of covenants under credit agreements with Swedbank AS. Borrowings amount of EUR 11,340 thousand is accounted as short-term financial liabilities as at 30 June 2021. SIA Lielzeltini also has not fulfilled part of covenants under credit agreement with Swedbank AS. Most part of loan are accounted as short-term financial liabilities as at 30 June 2021.

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19.Borrowings (cont'd)

Weighted average effective interest rates of borrowings outstanding at the year-end:

	Group		*Company*	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Current borrowings	2.18%	1.88%	3.92%	1.99%
Non-current borrowings	1.92%	1.73%	2.70%	2.61%

Borrowings at the end of the year in national and foreign currencies (EUR equivalent):

	Group		*Company*	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Borrowings denominated in:				
EUR	92,754	120,019	20,231	9,356
USD	536	4,532	–	–
	93,290	**124,551**	**20,231**	**9,356**

As at 30 June 2021, the Group's not utilized credit lines comprise EUR 90,114 thousand (EUR 74,493 thousand as at 30 June 2020). The fair value of the Group's and the Company's borrowings approximate their carrying amount.

20. Lease liabilities

The assets leased by the Group under lease contracts consist of land, premises, machinery and equipment, vehicles and other property, plant and equipment. The terms of lease do not include restrictions on the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements.

	Group		*Company*	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2020	As at 30 June 2019
Non-current lease liabilities				
Lease liabilities related to right of use assets	23,547	15,647	9,129	31
Lease liabilities related to other assets	3,601	3,831	83	101
	27,148	**19,478**	**9,212**	**132**
Current lease liabilities				
Lease liabilities related to right of use assets	4,209	3,804	324	16
Lease liabilities related to other assets	1,344	1,188	20	35
	5,553	**4,992**	**344**	**51**
	32,701	**24,470**	**9,556**	**183**

Future lease payments under the above-mentioned lease contracts are disclosed in Note 29. The fair value of the Group's and the Company's lease liabilities approximate their carrying amount.

21.Trade payables

Trade payables are non-interest bearing and are normally settled on 360-day term. Most part of Group trade payables was payables for goods and services as at 30 June 2021.

22.Other non – current liabilities, other current liabilities and contract liabilities

	Group	
	As at 30 June 2021	As at 30 June 2020
Other non-current liabilities		

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Refund liabilities (sale of equipment with right of return)	423	423
Other non-current liabilities*	632	–
Total other non-current liabilities	**1,055**	**423**
Contract liabilities		
Contract liabilities	2,070	1,528
Other current liabilities		
Bonuses to employees	6,165	4,682
Vacation accrual	4,171	3,580
Payroll related liabilities	3,801	3,971
VAT payable	2,632	5,277
Current portion of grants (Note 18)	466	543
Other liabilities	5,348	4,922
Total other current liabilities	**22,583**	**22,975**

Other current liabilities are non-interest bearing and have an average settlement term of three months.

*Other non-current liabilities are mainly tax loan from State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania. The loan must be repaid by 25 December 2022.

23.Cost of sales

	Group	
	Financial year ended	
	30 June 2021	30 June 2020
Cost of inventories recognised as an expense*	(804,347)	(530,620)
Logistics expenses	(45,517)	(44,177)
Wages and salaries and social security	(28,444)	(27,177)
Depreciation (Notes 6, 17)	(9,427)	(8,818)
Utilities expenses	(4,910)	(5,487)
Provision of onerous contract	–	1,009
Change in fair value of biological assets (Note 9)	4,168	5,834
Change in fair value of financial instruments	(245)	(347)
Other	(2,519)	(2,253)
	(891,241)	**(612,036)**

* Cost of inventories recognised as an expense includes previous season fair value adjustment to sold crops amounting to EUR 5,291 thousand which was expensed during the year ended 30 June 2021 (EUR 1,133 thousand recognized as an expense for the year ended 30 June 2020).

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24.Operating expenses

	Group		***Company***	
	Financial year ended			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Wages, salaries and social security	(24,473)	(22,895)	(2,162)	(1,070)
Consulting expenses	(2,169)	(739)	(1,516)	(93)
Depreciation and amortization	(2,171)	(1,850)	(73)	(60)
Advertisement, marketing	(1,728)	(1,690)	(40)	(15)
Bank fees	(893)	(696)	(1)	(4)
Currency exchange profit	(24)	50	–	–
Other	(6,908)	(6,876)	(383)	(342)
	(38,366)	**(34,696)**	**(4,175)**	**(1,584)**

25.Other income (expenses)

	Group	
	Financial year ended	
	30 June 2021	30 June 2020
Other income		
Grants received for agriculture activity	3,657	3,312
Grants for poultry activity, related with COVID 19*	962	–
Rental income from investment property and property, plant and equipment	175	496
Gain from disposal of investment property and property, plant and equipment	853	1,024
Currency exchange gain	125	577
Change in fair value of financial instruments	75	251
Gain on rights transfer	1,925	–
Write-off of liabilities	–	2
Other income	235	44
	8,007	**5,706**
Other (expenses)		
Direct operating expenses arising from rented and not rented investment properties	(252)	(309)
Loss from disposal of property, plant and equipment	(32)	(23)
Loss from acquisition of subsidiaries (Note 3)	–	(358)
Change in fair value of financial instruments	(926)	(680)
Change in impairment of investment property	–	(3)
Other expenses	(44)	(130)
	(1,254)	**(1,503)**

*Grants received do not have any repayment conditions.

26.Income (expenses) from financing activities

	Group		***Company***	
	Financial year ended		*Financial year ended*	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Income from financing activities				
Interest income	731	788	907	551
Income from overdue payments	25	29	–	–
	756	**817**	**907**	**551**
(Expenses) from financing activities				
Interest expenses	(3,496)	(3,707)	(753)	(182)
Expenses for overdue payments	(55)	(6)	–	–
	(3,551)	**(3,713)**	**(753)**	**(182)**

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27.Income tax

	Group	
	Financial year ended	
	30 June 2021	30 June 2020
Current income tax (expense)	(912)	(437)
Income tax correction for prior periods	(738)	139
Deferred income tax income (expense)*	(958)	(1,629)
Income tax income (expenses) recorded in the statement of comprehensive income	**(2,608)**	**(1,927)**
Net gain (loss) on revaluation of cash flow hedges	–	–
Deferred tax gain (loss) recorded in other comprehensive income	**–**	**–**

*Deferred tax income mostly relates to recognition of accumulated tax losses as at 30 June 2021 and as at June 30 2020.

	Group	
	Financial year ended	
	As at 30 June 2021	As at 30 June 2020
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	702	1,335
Tax loss carry forward (available to carry forward 5 years)	267	130
Accruals	1,381	1,067
Investment incentive	121	545
Differences in tax base of trade receivables	415	416
Impairment of investment property	66	71
Allowance for inventories	152	115
Fair value of financial instruments	–	70
Fair value of biological assets	–	175
Other	364	415
Total deferred income tax asset	**3,468**	**4,339**
Deferred income tax liability		
Property, plant and equipment and investment property (difference between tax and accounting values)	(456)	(681)
Fair value of biological assets	(897)	(826)
Fair value of financial instruments	(115)	–
Other	(181)	(77)
Total deferred income tax liability	**(1,649)**	**(1,584)**
Deferred income tax, net	**1,819**	**2,755**
Accounted for as deferred income tax asset in the statements of financial position	2,848	3,608
Accounted for as deferred income tax liability in the statements of financial position	(1,029)	(853)

The Group's deferred income tax asset and liability were set-off to the extent they relate to the same tax administration institution and the same taxable entity.

As at 30 June 2021 and 30 June 2020 the Group has not recognised deferred tax asset for the following temporary differences (temporary differences basis is provided below before application of income tax rate):

	Group	
	As at 30 June 2021	As at 30 June 2020
Tax loss carry forward*	189	1,839
	189	**1,839**

*Tax lossess are available to carry forward indefinitely (EUR 189 thousand).

Deferred tax asset has not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have a history of losses.

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27.Income tax (cont'd)

There are no temporary differences associated with investments in associates as at 30 June 2021 and 2020 because Group has no associates.

The income tax can be reconciled to the theoretical amount, which would be calculated by applying the basic income tax rate to the Group's profit before tax as follows:

	Group	
	Financial year ended	
	30 June 2021	30 June 2020
Profit (loss) before tax	16,797	11,931
Income tax (income) expenses, applying the statutory rate in Lithuania (15%)	2,520	1,790
Effect of different tax rates in Estonia, Latvia, Denmark, Ukraine (Note 2.21.)	181	(306)
Change in deffered tax components due to changes in tax laws in Lithuana	–	122
Change in valuation allowance	(283)	264
Income tax correction for prior periods	738	(139)
Temporary differences for which no deferred taxes were recognized	22	38
Permanent differences	(113)	396
Tax incentive	(457)	(238)
Total income tax (income) expenses	**2,608**	**1,927**
Effective income tax rate	**16%**	**16%**

28.Basic and diluted earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares for the years ended 30 June 2021 and 30 June 2020 was as follows:

Calculation of weighted average for the year ended 30 June 2021	**Number of shares**	**Par value (EUR)**	**Issued/365 (days)**	**Weighted average**
Shares issued as at 30 June 2020	158,169,426	0.29	9/365	3,900,068
Disposal of own shares 9 July 2020	1,000	0.29	351/365	152,103,615
Disposal of own shares 25 June 2021	1,000	0.29	4/365	1,733,385
Disposal of own shares 29 June 2021	1,000	0.29	1/365	433,349
Shares issued as at 30 June 2021	158,172,426			158,170,417

Calculation of weighted average for the year ended 30 June 2020	**Number of shares**	**Par value (EUR)**	**Issued/366 (days)**	**Weighted average**
Shares issued as at 30 June 2019	158,167,426	0.29	148/366	64,133,641
Disposal of own shares 25 November 2019	2,000	0.29	217/366	94,034,974
Shares issued as at 30 June 2020	158,169,426			158,168,615

28.Basic and diluted earnings per share (cont'd)

Calculation of the basic earnings per share is presented below:

	Financial year ended	
	30 June 2021	**30 June 2020**
Net profit (loss), attributable to the shareholders of the parent (in EUR thousand)	14,189	10,004
Weighted average number of ordinary shares outstanding for the year	158,170,417	158,164,763
Basic earnings per share (in EUR)	0.09	0.06

Share based payments and diluted earnings per share

AB Linas Agro Group, following the Rules for Granting Equity Incentives approved on 1st of June 2018 and acting in accordance with the decision of the General Shareholders Meeting of 1st of June 2018, signed options contracts with employees of AB Linas Agro Group and of the subsidiaries, in which AB Linas Agro Group owns 50 per cent or more of shares, for 4,610,180 ordinary registered shares of AB Linas Agro Group. During the years 2021-2023, according to the procedures and terms established in options contracts employees will be able to exercise the right to acquire the above mentioned number of ordinary registered EUR 0.29 nominal value shares of AB Linas Agro Group provided to the employee free of charge under the terms and conditions established by the rules.

50% of all share options will vest in 3 years-time from signing of the option agreements, 25% - in four years time and the rest 25% - in five years-time. There are no other vesting conditions, except for the requirement for a person to be employed at the Group for the above specified period of time, i.e. 50% of share-s options will vest if a particular person is still employed for 3 years from signing of the share options agreement. 25% of share options will vest if a person is employed for 4 years from signing of the share options agreement and the rest 25% of share options will vest if a person is employed for a 5 years from signing of the share options agreement date. Share options are exercisable during the two months period after each vesting period ends for particular tranche.

Grant date is considered to be 29th June 2018 when principle terms of share options agreements were presented to employees participating in share options incentive. Since portion of passed vesting period from the grant date (29th June 2018) until the previous financial year end (30th June 2018) was immaterial, no expenses were accounted for. As at 30 June 2021 the Group/ Company has accounted for the proportion of the related expenses with the second vesting period amounting to EUR 548 thousand in these financial statements (incl. EUR 125 thousand of the amount that is expected to be transfered to the tax authority to settle the employee's tax obligation associated with the share-based payment arrangement)(as at 30 June 2020 – EUR 459 thousand).

On 28 February 2020 the Company signed additionally options contracts with employees of AB Linas Agro Group subsidiaries, in which AB Linas Agro Group owns 50 per cent or more of shares, for 2,265,625 ordinary registered shares of AB Linas Agro Group. On 2023 year , according to the procedures and terms established in options contracts employees will be able to exercise the right to acquire the above mentioned number of ordinary registered EUR 0.29 nominal value shares of AB Linas Agro Group provided to the employee free of charge under the terms and conditions established by the rules. 100% of all share options will vest in 3 years-time from signing of the option agreements.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Number	**WAEP**
Balance as at 30 June 2019	4,113,720	0
Granted during the year	2,265,625	–
Forfeited during the year	(1,063,860)	0
Exercised during the year	–	–
Balance as at 30 June 2020	5,315,485	0
Granted during the year	–	–
Forfeited during the year	(141,860)	0
Exercised during the year	–	–
Balance as at 30 June 2021	5,173,625	0

None of shares options is yet exercisable as at 30 June 2021 and 2020.
As at 30 June 2021 the weighted average fair value of options granted was €0.63, as at 30 June 2020 the weighted average fair value of options granted was €0.63.

28.Basic and diluted earnings per share (cont'd)

The fair value of the share options is estimated at the grant date using the average price derived from a binomial and The Black-Scholes-Merton option pricing models, taking into account the terms and conditions on which the share options were granted. They key valuation assumptions are provided below:

Weighted average fair value at the measurement date (€)	0.67
Dividend yield (%)	0.7 - 2.00 %
Expected volatility (%)	0.20 - 0.30
Risk–free interest rate (%)	2.00 %
Expected life of share options (years)	3 - 5
Weighted average share price (€)	0.705

The expected life of the share options is based on options agreements and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all diluted potential ordinary shares (options described above) into ordinary shares.

The weighted average number of ordinary and potential diluted shares for the year ended 30 June 2021 was as follows:

Calculation of weighted average for the year ended 30 June 2021	**Number of shares**	**Par value (EUR)**	**Issued/365 (days)**	**Weighted average**
Shares and potential shares issued as at 30 June 2020	163,484,911	0.29	9/365	4,031,135
Disposal of own shares 9 July 2020	1,000	0.29	175/365	78,383,656
Forfeited share option as at 31 December 2020	(141,860)	0.29	176/365	78,763,159
Disposal of own shares 25 June 2021	1,000	0.29	4/365	1,790,083
Disposal of own shares 29 June 2021	1,000	0.29	1/365	447,523
Shares and potential shares issued as at 30 June 2020	163,346,051			163,415,556

Calculation of the diluted earnings per share is presented below:

	Financial year ended	
	30 June 2021	**30 June 2020**
Net profit (loss), attributable to the shareholders of the parent (in EUR thousand)	14,189	10,004
Weighted average number of ordinary plus potential ordinary shares outstanding for the year	163,415,556	163,042,149
Diluted earnings per share (in EUR)	0.09	0.06

29.Financial assets and liabilities and risk management

Credit risk

None of the Group's customers comprise more than 10% of the Group's trade receivables. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group's procedures are in force to ensure that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. As at 30 June 2021 part of AB Linas Agro trade receivables were insured with the insurance limit equal to equivalent of EUR 13,779 thousand (EUR 11,448 thousand as at 30 June 2020).

The Group does not guarantee obligations of other parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statements of financial position. Consequently, the Group's management considers that its maximum exposure is reflected by the amount of trade, related party and other accounts receivable and cash, net of allowance for doubtful accounts recognised at the reporting date. Part of the trade and other accounts receivables is secured with pledged assets (Notes 13 and 14).

Interest rate risk

The major part of the Group's borrowings is with variable rates, related to EURLIBOR, EURIBOR which creates an interest rate risk.

The sensitivity analysis of the pre-tax profit of the Group, considering that all other variables will remain constant, to possible changes in the interest rates is presented in the table below. There is no direct effect to equity from changes in interest rate.

	Effect on the profit before income tax for the year ended (in EUR thousand)			
	Increase / decrease of basis points	**30 June 2021**	**Increase / decrease of basis points**	**30 June 2020**
EUR	+150	(1,309)	+150	(1,853)
EUR	-30	262	-30	371

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29.Financial assets and liabilities and risk management (cont'd)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets – crops, current portion of animals and livestock and inventories) / total current liabilities) ratios as at 30 June 2021 were 1.44 and 0.80 respectively (as at 30 June 2020 1.31 and 0.74, respectively).

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (scheduled payments including interest).

Group	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
Non-current borrowings	–	8,414	6,340	7,041	11,053	1,608	34,457
Lease liabilities	–	1,629	3,875	4,703	10,648	6,141	26,996
Current borrowings	4,940	86,188	1,809	–	–	–	92,938
Current trade payables	1,361	31,566	10,163	–	–	–	43 089
Payable to related parties	–	143	–	–	–	–	143
Derivative financial instruments	–	59	69	–	–	–	128
Other liabilities	5	2,125	76	–	–	–	2,205
Balance as at 30 June 2020	**6,306**	**130,124**	**22,332**	**11,744**	**21,701**	**7,749**	**199,956**
Non-current borrowings	12,804	1,213	3,758	8,525	3,396	1,640	31,336
Lease liabilities	–	1,239	4,549	6,962	11,496	13,490	37,736
Current borrowings	–	57,078	849	–	–	–	57,927
Current borrowings from related parties	–	6,070	–	–	–	–	6,070
Current trade payables	1,451	44,811	17,445	–	–	–	63,707
Payable to related parties	–	232	–	–	–	–	232
Derivative financial instruments	–	–	34	–	–	–	34
Other liabilities	–	307	930	614	–	–	1,851
Balance as at 30 June 2021	**14,255**	**110,950**	**27,565**	**16,101**	**14,892**	**15,130**	**198,893**

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29.Financial assets and liabilities and risk management (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (scheduled payments including interest).

Company	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
Non-current borrowings from related parties	–	–	1,227	1,285	–	–	2,512
Current borrowings from related parties	–	–	433	–	–	–	433
Lease liabilities	–	13	40	52	84	–	189
Current borrowings	–	6,503	–	–	–	–	6,503
Other liabilities	–	90	–	–	–	–	90
Balance as at 30 June 2020	**–**	**6,606**	**1,700**	**1,337**	**84**	**–**	**9,727**
Non-current borrowings from related parties	–	–	1,136	1,271	–	–	2,407
Current borrowings from related parties	–	6,070	12,103	–	–	–	18,173
Lease liabilities	–	151	452	1,178	1,686	9,977	13,444
Current borrowings	–	8	–	–	–	–	8
Current trade payables		45	–	–	–	–	45
Payable to related parties		12,557	–	–	–	–	12,557
Other liabilities	–	–	–	–	–	–	–
Balance as at 30 June 2021	**–**	**18,831**	**13,691**	**2,449**	**1,686**	**9,977**	**46,634**

The Company liquidity (total current assets / total current liabilities) and quick ((total current assets – crops, current portion of animals and livestock and inventories) / total current liabilities) ratios as at 30 June 2021 were 0.59 and 0.59 respectively (as at 30 June 2020 0.93 and 0.93, respectively).

As at 31 June 2021, the Company reported a net current liability position of EUR 13,362 thousand. The major part of the liabilities comprises borrowings from related parties and the shareholder, which as of 9 September 2021 was extended until 22 September 2022. The Company also has sufficient ability to meet its obligations from dividends and the earned and distributable profits of its subsidiaries . The financial statements have been prepared on the going concern basis.

Foreign exchange risk

Major currency risks of the Group occur due to the fact that the Group borrows foreign currency denominated funds as well as is involved in imports and exports. The Group's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency. When the Group opens a position in USD (i.e., goods are bought in USD and sold in EUR or vice versa), it manages USD exposure by changing positions in its credit line, i.e., buys or sells USD to close the open position.

The major part of the Group's monetary assets and liabilities as at 30 June 2021 and 2020 is denominated in EUR, consequently the management of the Group believes that foreign exchange risk on EUR is insignificant. The Group used financial derivatives to manage the USD foreign currency exchange risk.

29. Financial assets and liabilities and risk management (cont'd)

Monetary assets and liabilities stated in various currencies as at 30 June 2021 and 30 June 2020 were as follows (EUR equivalent):

	As at 30 June 2021		As at 30 June 2020	
Group	**Assets**	**Liabilities**	**Assets**	**Liabilities**
EUR	108,065	213,854	128,103	211,607
USD	2,033	1,907	2,933	5,140
DKK	74	6	–	5
PLN	607	47	1,013	59
Other	37	4	88	17
	110,816	**215,818**	**132,137**	**216,828**

The following table demonstrates the sensitivity to a reasonably possible change in respect of currency exchange rate, with all other variables held constant of the Group's profit before tax (due to change in the fair value of monetary assets and liabilities). There is no direct effect to equity from changes in currency exchange rates.

	Increase/ decrease in exchange rate	**Effect on the profit before income tax for the year ended (in EUR thousand)**	
		30 June 2021	30 June 2020
USD	+ 15.00%	(19)	(331)
USD	- 15.00%	19	311
PLN	+ 15.00%	84	143
PLN	- 15.00%	(84)	(143)

Sensitivity to a reasonable possible change of DKK and UAH is not disclosed as it is not significant to the financial statements.

Changes in liabilities arising from financing activities

Group	**1 July 2020**	**Cash flows from (to) financing activities**	**New leases**	**Other movements**	**30 June 2021**
Loans	124,551	(31,261)	–	–	93,290
Grants	6,288	1,154	–	(604)	6,838
Interests (paid)	–	(3,551)	–	3,551	–
Dividends	–	(12)	–	12	–
Lease liabilities	24,470	(6,778)	17,897	(2,888)	32,701
	155,309	**(40,448)**	**17,897**	**71**	**132,829**

Financial risk, arising from biological assets, management strategy

The Group is engaged in wholesale trade of milk, therefore, is exposed to risks arising from changes in milk prices. The Group's wholesale agreements for milk not related with financial instruments but represent a significant price risk. The Group does not anticipate that milk prices will be in prolonged decline in the foreseeable future (at current period price increase noted) and, therefore, has not entered into derivative or other contracts to manage the risk of the decline in milk prices. The Group reviews its outlook for milk prices regularly in considering the need for active risk management.

Market price risk

The Group is exposed to the grain market price risk which is managed with the hedge accounting described in Note 15.

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29.Financial assets and liabilities and risk management (cont'd)

Fair value of financial instruments

The Group's principal financial instruments not carried at fair value are trade, related party and other accounts receivable, trade, related party and other payables, non-current and current borrowings.

Fair value is defined as disclosed in Note 2.26. Fair values of assets and liabilities are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amounts of the Group's financial assets and liabilities (which are not carried at fair value) approximate fair value and are classified as level 3 according to the fair value hierarchy described in the Note 2.26.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

1 The carrying amount of trade, related party and other accounts receivable, current trade, related party and other accounts payable and current borrowings approximates fair value (level 3).
2 The fair value of non-current debt is based on discounting future cash flows related to debt using market interest rate and also considering own credit risk immaterial. The fair value of non-current borrowings with variable and fixed interest rates approximates their carrying amounts (level 3).

Capital management

For capital management purposes the Group's capital is equal to total equity in the statement of financial position amounting to EUR 196,221 thousand as at 30 June 2021 (EUR 181,202 thousand as at 30 June 2020).

The primary objective of the Group's capital management is to ensure that it maintains a strong creditworthiness and healthy capital ratios in order to support its business and maximise shareholder value. The Group holds high capital for possible future expansion and further development of the Group.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2021 and 30 June 2020.

The Company and the Group's subsidiaries registered in Lithuania and Estonia are obliged to keep its equity at no less than 50% of its share capital, as imposed by the Laws on Companies of the Republic of Lithuania and the Republic of Estonia. The Company and the Group's subsidiaries registered in Lithuania comply with this requirement. The Group subsidiary registered in Estonia does comply with this requirement as at 30 June 2021 and didn't comply as at 30 June 2020. The Group's subsidiaries registered in Latvia are obliged to keep their equity at no less than 0, as imposed by the Law on Companies of the Republic of Latvia. All Group's subsidiaries registered in Latvia comply with this requirement as at 30 June 2020 and 30 June 2021, except for SIA Dotnuva Baltic as at 30 June 2020.

The Group and the Company manages capital using a leverage ratio, which is 1 minus total equity divided by total assets of the Group and the Company. The Group's policy is to keep the leverage ratio below 75%.

	Group		***Company***	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Total equity	196,221	181,202	114,248	114,276
Total assets	421,123	405,421	158,271	125,044
Total equity / Total assets	47%	45%	72%	91%
Leverage ratio	53%	55%	28%	9%

30.Commitments and contingencies

As at 30 June 2021 the Group is committed to purchase property, plant and equipment for the total amount of EUR 1,672 thousand (EUR 1,341 thousand as at 30 June 2020).

A few Group companies (Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB, Kėdainių district Nemunas ŽŪB and Panevėžys district Žibartonių ŽŪB) received grants from the European Union and National Paying Agency for acquisition of agricultural equipment.

Panevėžys district Aukštadvario ŽŪB, Sidabravo ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2021, Šakiai district Lukšių ŽŪB – up to 2020 and 2021,Kėdainių district Nemunas ŽŪB, Panevėžys district Žibartonių ŽŪB – up to 2022. UAB Linas Agro Grūdų Centras KŪB received grants from the European Union and National Paying Agency (Lithuania) for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 2021.

SIA Lielzeltini, AS Putnu fabrika Kekava received grants from the European Union and Rural Support Service (Latvia) for poultry farm, feedstuffs production and storages upgrade. SIA Lielzeltini is committed not to discontinue broiler breeding, slaughtering and sale of products, feedstuffs up to 2025, AS Putnu fabrika Kekava – up to 2023 and 2026. In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania and Latvia amounting to EUR 2,529 thousand as at 30 June 2021 (EUR 2,858 thousand as at 30 June 2020). Group has no plans to discontinue above mentioned operations.

In August 2018 the Group company AB Linas Agro received a ruling from the Customs of the Republic of Lithuania (hereafter – Customs) stating that Customs made additional calculation for the calendar year 2016 – 2017. The decision increased the taxes in EUR 644 thousand for fertilizers import in mentioned period. The AB Linas Agro management estimate the possibility to pay the taxes is 50 % and recognized as accruals in EUR 322 thousand amount. AB Linas Agro management does not concur with Customs assessment and the decision is appealed. During the year ended 30 June 2019 the company AB Linas Agro paid custom tax amounted to EUR 496 thousand, which was accounted by reducing the accruals in EUR 248 thousand amount. On 20 May 2021 Vilnius Regional Administrative Court dismissed the appeal of AB Linas Agro and increased amount of calculated taxes (including interest and penalties) to EUR 748 thousand. AB Linas Agro disagrees with the decision and has appealed it.

Almex, former customer, has filed an appeal to the Court of Appeal in Serbia regarding the refusal of the Commercial Court to rule in the case regarding the alleged damages of EUR 1,800 thousand. As at 30 June 2021 and 30 June 2020 the Group's management is of opinion that the appeal has no sound grounds therefore no provision was recorded in the consolidated accounts regarding this matter.

As at 30 June 2021 the Company has ensured and guaranteed EUR 120,505 thousand (as at 30 June 2020 – EUR 57,745 thousand) for its subsidiaries to Banks for the granted loans.

Management estimates that this pandemic outbreak and quarantine will not have a material adverse effect on the Company's / Group's ability to continue as a going concern, as the accumulated cash reserve and operating cash flow should be sufficient to meet all obligations for at least 12 months after the preparation of these financial statements. Given that the situation with regard to the COVID-19 outbreak and its impact on the economic environment is dynamic, it is challenging at this stage to reliably assess the potential impact of the situation on the company's performance for 2021-2022.

31.Related parties transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.
The related parties of the Company and Group for the years ended 30 June 2020 and 30 June 2019 were as follows:

Members of the board of the Company:

Darius Zubas (chairman of the board, ultimate controlling shareholder);
Dainius Pilkauskas;
Arūnas Zubas;
Andrius Pranckevičius;
Tomas Tumėnas;
Jonas Bakšys.

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31.Related parties transactions (cont'd)

Subsidiaries: List provided in Note 3.

UAB Darius Zubas Holding (controlling shareholder);

Akola ApS group companies:
Akola ApS (Denmark) (same ultimate controlling shareholder);
UAB MESTILLA (same ultimate controlling shareholder).

UAB PICUKĖ (100% shares owned by UAB Darius Zubas holding).
UAB Palūšės turas - (100% shares owned by UAB PICUKĖ).
AB Ignitis grupė (Andrius Pranckevičius is the Independent Member of Supervisory Board).
UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).
UAB EPSO-G from November 2019 (Tomas Tumėnas is the Independent Member of Board).
UAB Limedika from March 2020 (Tomas Tumėnas is a finance director of this company).
Kredito unija Saulėgrąža from March 2020 (Tomas Tumėnas is the Member of Supervisory Board).
UAB Nacionalinė Farmacijos Grupė from May 2020 (Tomas Tumėnas is a the Member of Board).
Jonas Bakšys from June 2017 till present is the Member of Board at Lobiu Sala AS (Sweden).
Vividum UAB (Lithuania) (Jonas Bakšys joint community property with spouse together).

The Group's transactions with related parties in 12 month period ended 30 June 2021 and 30 June 2020 were as follows:

2021	**Purchases**	**Sales**	**Trade receivables**	**Non-current loans receivable**	**Current payables**	**Current loan payables**
Akola ApS group companies	692	20,695	41	–	232	6,000
Members of the board	–	–	–	–	–	–
	692	**20,695**	**41**	**–**	**232**	**6,000**

2020	**Purchases**	**Sales**	**Trade receivables**	**Non-current loans receivable**	**Current payables**	**Current loan payables**
Akola ApS group companies	963	17,156	39	–	143	–
Members of the board	–	32	–	–	–	–
	963	**17,188**	**39**	**–**	**143**	**–**

The Company's transactions with related parties in the years ended 30 June 2021 and 30 June 2020 were as follows:

2021	**Purchases**	**Income**	**Non-current loans receivable**	**Current loans receivable**	**Other account receivables**	**Current Payables**	**Non-current loans received**	**Current loans received**
Akola ApS group companies	–	–	–	–	–	232	–	6,000
Subsidiaries	12,679	3,763	7,135	12,500	16	12,325	1,206	13,017
	12,679	**3,763**	**7,135**	**12,500**	**16**	**12,557**	**1,206**	**19,017**

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31.Related parties transactions (cont'd)

2020	Purchases	Income	Non-current loans receivable	Current loans receivable	Other account receivables	Current Payables	Non-current loans received	Current loans received
Akola ApS group companies	–	–	–	–	–	–	–	–
Subsidiaries	299	2,914	10,595	6,500	1,623	111	1,236	1 637
	299	**2,914**	**10,595**	**6,500**	**1,623**	**111**	**1,236**	**1 637**

As at 30 June 2021 interest rates of the Company for current loans receivable from related parties are 1.8% and 5% (as at 30 June 2020 – 1.8%), non-current loans receivables from related parties are 4% and 3 month EURIBOR + 2.45 % margin (as at 30 June 2020 - from 1.75%, 4% and 3 month EURIBOR + 2.45 % margin).

As at 30 June 2021 interest rates of the Company for non-current loans payable to related parties are 3 month EURIBOR + 2.7% margin, current loans payable to related parties are from 2.61% to 5%. As at 30 June 2020 interest rates of the Company for non-current loans payable to related parties are 2.61%, current loans payable to related parties are 3 month EURIBOR + 2.7% margin, 3.5% and 4%.

Transactions with related parties include sales and purchases of goods and services, sales and purchases of property, plant and equipment as well as financing transactions in the ordinary course of business and are aimed to be conducted on terms equivalent to arm's length transactions.

There were no guarantees or pledges related to the Group's payables to or receivables from related parties. Receivables and payables from / to related parties will be settled in cash or offset with the payables / receivables from / to respective related parties.

Terms and conditions of the financial assets and liabilities:
Receivables from related parties are non-interest bearing and are normally settled on 30-day terms.
Payables to related parties are non-interest bearing and are normally settled on 30-90-day terms.
Interest payable is normally settled at the end of the loan term.

The Group's receivables from related parties were not due neither impaired as at 30 June 2021 and 30 June 2020.

Remuneration of the management and other payments
The Group's management consists of the Company's board of directors and directors of each of the company in the Group. The Group's management remuneration amounted to EUR 3,531 thousand (including EUR 161 thousand of bonuses to the board of directors of subsidiaries companies) for the year ended 30 June 2021 (EUR 4,161 thousand (including EUR 156 thousand bonuses to the board of directors of subsidiaries companies) for the year ended 30 June 2020). For the year ended 30 June 2021 the Group's management has received EUR 8 thousand of rent payments (EUR 8 thousand of rent payments for the year ended 30 June 2020).

The Company's management consists of the board of directors and a managing director. The Company's management remuneration amounted to EUR 776 thousand for the year ended 30 June 2021 (EUR 1,137 thousand for the year ended 30 June 2020).

The Company has started to accrue the expenses for share options agreements as described in Note 28 to EUR 986 thousand (including EUR 519 thousand for directors of the companies in the Group - for the year ended 30 June 2021) (EUR 458 thousand (including for directors of the companies in the Group - EUR 491 thousand) for the year ended 30 June 2020).

No other payments or property transfers to/from the management were made or accrued; no other loans or guarantees were received / granted in the years ended 30 June 2021 and 30 June 2020.

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32.Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	30 June 2021	30 June 2020
AS Putnu Fabrika Kekava	Latvia	2.84%	2.84%
UAB Karčemos Bendrovė	Lithuania	–	16.00%
Kėdainiai District ŽŪB Nemunas	Lithuania	32.56%	32.56%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income:

	AS Putnu fabrika Kekava	UAB Karčemos Bendrovė	Kėdainiai District ŽŪB Nemunas
Financial year ended	30 June 2021	30 June 2021	30 June 2021
Revenue	73,203	–	1,832
Net profit (loss)	(3,896)	–	166
Total comprehensive income	**(3,896)**	**–**	**166**
Attributable to non-controlling interests	(111)	–	54
Dividends paid to non-controlling interests	–	–	–

	AS Putnu fabrika Kekava	UAB Karčemos Bendrovė	Kėdainiai District ŽŪB Nemunas
Financial year ended	30 June 2020	30 June 2020	30 June 2020
Revenue	75,546	485	253
Net profit (loss)	790	33	401
Total comprehensive income	**790**	**33**	**401**
Attributable to non-controlling interests	23	24	126
Dividends paid to non-controlling interests	–	–	–

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32.Material partly-owned subsidiaries (cont'd)

Summarised statement of financial position:

	AS Putnu Fabrika Kekava	**UAB Karčemos Bendrovė**	**Kėdainiai District ŽŪB Nemunas**
Financial year ended	30 June 2021	30 June 2021	30 June 2021
Current assets	13,202	–	1,468
Non-current assets	37,966	–	4,112
Current liabilities	27,819	–	1,100
Non-current liabilities	4,130	–	1,781
Total equity	**19,219**	**–**	**2,699**
Attributable to Non-controlling interests	545	–	879

	AS Putnu Fabrika Kekava	**UAB Karčemos Bendrovė**	**Kėdainiai District ŽŪB Nemunas**
Financial year ended	30 June 2020	30 June 2020	30 June 2020
Current assets	12,411	300	1,497
Non-current assets	39,405	2,673	4,556
Current liabilities	18,725	298	1,735
Non-current liabilities	9,975	1,468	1,785
Total equity	**23,116**	**1,207**	**2,533**
Attributable to Non-controlling interests	656	193	825

Summarised cash flow statement:

	AS Putnu Fabrika Kekava	**UAB Karčemos Bendrovė**	**Kėdainiai District ŽŪB Nemunas**
Financial year ended	30 June 2021	30 June 2021	30 June 2021
Operating activities	1,366	–	350
Investing activities	(1,914)	–	26
Financing activities	1,640	–	(369)
Net increase/(decrease) in cash and cash equivalents	**1,092**	**–**	**7**

	AS Putnu Fabrika Kekava	**UAB Karčemos Bendrovė**	**Kėdainiai District ŽŪB Nemunas**
Financial year ended	30 June 2020	30 June 2020	30 June 2020
Operating activities	8,902	239	(70)
Investing activities	(5,399)	16	31
Financing activities	(1,280)	(252)	19
Net increase/(decrease) in cash and cash equivalents	**2,223**	**3**	**(20)**

33.Subsequent events

On 1 October 2021, the sole shareholder of UAB GeoFace decided to increase its authorized capital by EUR 706 Thousand

On 29 September 2021, the Company signed loan agreement with UAB Linas Agro Konsultacijos for amount of EUR 1,200 thousand.

On 20 September 2021, the Company signed loan agreement with UAB Dotnuva Baltic for amount of EUR 1,000 thousand.

On 14 September 2021, the Company has signed share purchase and sale agreement with the aim to acquire 100 of shares of UAB Agro Logistic Service and applied to the Competition Council of the Republic of Lithuania for approval of the transaction.

On 6 September 2021, AB Linas Agro and Credit Europe Bank N.V. signed framework credit agreement of EUR 30,000 thousand.

During July – August 2021, The Company concluded syndicated credit agreement with AB SEB bank, AB Swedbank and Luminor bank AS for the loan of EUR 46,290 thousand and ensured it by pledge of assets.

During July – August 2021, UAB Dotnuva Baltic and its subsidiaries in Latvia and Estonia signed financing agreements for joint amount of EUR 23,500 Thousand with Luminor bank AS. With these agreements companies refinanced credit agreements with other banks.

On 23 July and 26 July 2021, UAB Linas Agro Konsulacijos signed financing agreements with Luminor bank AS for amount of EUR 5,476 thousand. With these agreements the company refinanced own and its subsidiaries financial liabilities with the same bank.

On 20 August 2021, the Company extended loan agreement with OP Corporate Bank plc. for amount of EUR 6,000 thousand.

On 11 August 2021, authorized capital of SIA KG Latvija was increased by EUR 1,500 thousand.

On 15 July 2021, The Company acquired controlling stakes in AB Kauno Grūdai, AB Kaišiadorių Paukštynas, AB Vilniaus Paukštynas, and related companies, acting together as KG Group. Acquisition value – EUR 73,469 thousand. The Company acquired controlling stakes in 34 companies operating in the fields of poultry business, grain, flour, instant products production, feed and premix production, and trade in veterinary products. The companies are registered and operate in Lithuania, Latvia, Estonia, Poland, Belarus, Russia, and the Netherlands. At the date of issuing these financial statements, the Group's magement did not have enough financial information to evaluate the fair values of the KG Group net assets at the acquisition date. The Group expects to finish evaluating fair values of KG Group's net assets within 12 months period after acquisition date.

On 12 July 2021, the Company signed loan agreement with UAB Linas Agro Konsultacijos for amount of EUR 1,000 thousand.

On 9 July 2021, authorized capital of Linas Agro OU was increased by EUR 150 thousand.

On 8 July 2021, the Company signed loan agreement with Akola ApS for amount of EUR 2,800 thousand. At the date of these financial statements, the Company has repayed this loan.

On 8 July 2021, the Company signed loan agreement with AB Linas Agro for amount of EUR 1,000 thousand.