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, AB Linas Agro Group Audited Consolidated and Parent Company's Financial Statements for the financial year 2019/20 ended June 30, 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true 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 also confirm that review of the business development and activities, together with the description of the major risks and indeterminations incurred, are correctly revealed in the Consolidated Annual Report for the 2019/20 financial year.

Managing Director of AB Linas Agro Group — Darius Zubas

30 October 2020

Finance Director of AB Linas Agro Group — Mažvydas Šileika

30 October 2020

AB Linas Agro Group
Consolidated and Company's Financial Statements
For the financial year 2019/20

Ended 30 June 2020

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 2020,
- 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 2020, 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.

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Company code: 111616158
VAT code: LT114949716

KPMG

Valuation of biological assets (consolidated financial statements)	
The carrying amount of biological assets in the consolidated financial statements as at 30 June 2020: EUR 30,987 thousand (30 June 2019: EUR 26,195 thousand); gain from change in fair value of biological assets recognized in the year ended 30 June 2020: EUR 5,834 thousand (30 June 2019: EUR 1,115 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 9 *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.

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Valuation of inventory (consolidated financial statements)	
The carrying amount of inventory in the consolidated financial statements as at 30 June 2020: EUR 79,537 thousand (30 June 2019: EUR 89,195 thousand); net realisable value adjustment recognized in the consolidated financial statements as at 30 June 2020: EUR 1,519 thousand (30 June 2019: EUR 1,315 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 10 *Inventories*	
The key audit matter	**How the matter was addressed in our audit**
The Group is primarily engaged in agricultural supplies, farming and 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 forecasting ability by comparing 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.

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Impairment of trade receivables (consolidated financial statements)	
The carrying amount of trade receivables in the consolidated financial statements as at 30 June 2020: EUR 110,478 thousand (30 June 2019: EUR 111,960 thousand); impairment loss recognized in the statement of comprehensive income for the year ended 30 June 2020: EUR 344 thousand (year ended 30 June 2019: EUR 79 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 12 *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 2020, including: *For trade receivables assessed individually, for a risk-based sample of debtors:* — Inspecting the debtors' historical repayment patterns, and making corroborating inquiries of the finance personnel, to obtain understanding of any credit / repayment 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):*

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	— 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 Matter

The separate and consolidated financial statements of the Company and the Group for the year ended 30 June 2019, were audited by another auditor who expressed an unmodified opinion on those financial statements on 7 October 2020.

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.

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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.

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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.

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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 1 year.

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 30 October 2020.

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.

In addition to the statutory audit service, we have provided IFRS training services and other assurance services to the Group during the financial year ended 30 June 2020.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Klaipėda, the Republic of Lithuania
30 October 2020

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(all amounts are in thousand euros unless otherwise stated) 1

Statements of financial position

ASSETS	Notes	*Group* As at 30 June 2020	*Group* As at 30 June 2019	*Company* As at 30 June 2020	*Company* As at 30 June 2019
Non-current assets					
Intangible assets	5	1,905	1,891	199	221
Property, plant and equipment	6	152,597	128,078	383	70
Investment property	7	1,931	1,058	57	59
Animals, livestock and poultry	9	9,429	9,425	–	–
Non-current financial assets					
Investments in subsidiaries	3	–	–	104,569	103,089
Investments in associates	3	–	–	443	443
Other investments and prepayments for financial assets		66	16	–	–
Non-current receivables	8	1,261	2,435	–	–
Non-current receivables from related parties	8, 30	–	–	10,595	10,407
Total non-current financial assets		1,327	2,451	115,607	113,939
Non-current prepayments	8	1,596	1,649	–	–
Deferred income tax asset	26	3,608	4,476	397	272
Total non-current assets		**172,393**	**149,028**	**116,643**	**114,561**
Current assets					
Crops	9	18,978	14,222	–	–
Poultry	9	2,580	2,548	–	–
Inventories	10	79,537	89,817	–	–
Current prepayments	11	5,422	6,984	56	47
Accounts receivable					
Trade receivables	12	110,478	111,960	–	–
Receivables from related parties	30	39	2	8,123	690
Income tax receivable		69	547	–	11
Other accounts receivable and contract assets	13	4,894	7,476	–	23
Total accounts receivable		115,480	119,985	8,123	724
Derivative financial instruments	14	588	37	–	–
Other current financial assets	14	904	1,140	–	–
Cash and cash equivalents	15	9,539	7,637	222	683
Total current assets		**233,028**	**242,370**	**8,401**	**1,454**
Total assets		**405,421**	**391,398**	**125,044**	**116,015**

(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) 2

Statements of financial position (cont'd)

EQUITY AND LIABILITIES	Notes	Group As at 30 June 2020	Group As at 30 June 2019	Company As at 30 June 2020	Company As at 30 June 2019
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	16	5,153	4,389	5,153	4,389
Reserve for own shares	16	–	5,000	–	5,000
Own shares	16	(446)	(448)	(446)	(448)
Foreign currency translation reserve	16	(10)	(17)	–	–
Retained earnings		105,122	89,955	40,438	34,449
Total equity attributable to equity holders of the parent		**178,950**	**168,010**	**114,276**	**112,521**
Non-controlling interest	31	2,252	2,060	–	–
Total equity		**181,202**	**170,070**	**114,276**	**112,521**
Liabilities					
Non-current liabilities					
Grants and subsidies	17	5,745	6,121	–	–
Non-current borrowings	18, 30	18,692	19,793	1,236	1,206
Non-current trade payables	3	800	–	–	–
Lease liabilities	19	19,478	2,455	132	–
Deferred income tax liability	26	853	92	–	–
Non-current employee benefits		842	624	358	182
Other non-current liabilities	21	423	378	–	–
Total non-current liabilities		**46,833**	**29,463**	**1,726**	**1,388**
Current liabilities					
Current portion of non-current borrowings	18,30	13,130	13,411	1,206	–
Current portion of lease liabilities	19	4,992	875	51	–
Current borrowings	18, 30	92,729	113,539	6,914	1,646
Trade payables	20	43,089	42,257	55	11
Payables to related parties	30	143	242	111	–
Income tax payable		200	14	–	–
Derivative financial instruments	14	128	632	–	–
Contract liability	21	1,528	2,322	–	–
Other current liabilities	21	21,447	18,573	705	449
Total current liabilities		**177,386**	**191,865**	**9,042**	**2,106**
Total equity and liabilities		**405,421**	**391,398**	**125,044**	**116,015**

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

Managing Director	Darius Zubas	....	30 October 2020
Finance Director	Mažvydas Šileika	....	30 October 2020
Chief Accountant	Ramutė Masiokaitė	....	30 October 2020

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

Consolidated statement of comprehensive income

	Notes	***Financial year ended***	
		30 June 2020	**30 June 2019**
Revenue from contracts with customers	4	657,700	742,542
Cost of sales	22	(612,036)	(713,671)
Gross profit		**45,664**	**28,871**
Operating (expenses), total	23	(35,040)	(35,182)
Expenses of impairment of trade receivables, contract assets and other receivables	23	(344)	(79)
Other administrative expenses	23	(34,696)	(35,103)
Other income	24	5,706	4,912
Other (expenses)	24	(1,503)	(1,937)
Operating profit (loss)		**14,827**	**(3,336)**
Income from financing activities	25	817	635
(Expenses) from financing activities	25	(3,713)	(3,729)
Profit (loss) before tax		**11,931**	**(6,430)**
Income tax	26	(1,927)	1,600
Net profit (loss)		**10,004**	**(4,830)**
Net profit (loss) attributable to:			
Equity holders of the parent		9,752	(4,963)
Non-controlling interest		252	133
		10,004	**(4,830)**
Basic earnings per share (EUR)	27	0.06	(0.03)
Diluted earnings per share (EUR)	27	0.06	(0.03)
Other comprehensive income			
Other comprehensive income, to be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on cash flow hedges	14	–	40
Exchange differences on translation of foreign operations		7	5
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**7**	**45**
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		**7**	**45**
Total comprehensive income, after tax		**10,011**	**(4,785)**
Total comprehensive income attributable to:			
The shareholders of the Company		9,759	(4,918)
Non-controlling interest		252	133
		10,011	**(4,785)**

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 2020	**30 June 2019**
Revenue from contracts with customers		543	30
Dividend income		1,598	5,624
Rental and other income		179	163
Operating (expenses)	23	(1,584)	(1,626)
Operating profit		**736**	**4,191**
Income from financing activities	25	551	520
(Expenses) from financing activities	25	(182)	(95)
Profit before tax		**1,105**	**4,616**
Income tax		125	144
Net profit		**1,230**	**4,760**
Other comprehensive income		–	–
Total comprehensive income		**1,230**	**4,760**

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

Managing Director	Darius Zubas	....	30 October 2020
Finance Director	Mažvydas Šileika	....	30 October 2020
Chief Accountant	Ramutė Masiokaitė	....	30 October 2020

(all amounts are in thousand euros unless otherwise stated) 5

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 2018		**46,093**	**(453)**	**23,038**	**3,419**	**–**	**(22)**	**(40)**	**102,951**	**174,986**	**2,088**	**177,074**
Effect of adoption of IFRS 9		–	–	–	–	–	–	–	(8)	(8)	–	(8)
Effect of adoption of IFRS 15		–	–	–	–	–	–	–	(40)	(40)	–	(40)
Balance as at 1 July 2018 (restated)		**46,093**	**(453)**	**23,038**	**3,419**	**–**	**(22)**	**(40)**	**102,903**	**174,938**	**2,088**	**177,026**
Net profit for the year		–	–	–	–	–	–	–	(4,963)	(4,963)	133	(4,830)
Other comprehensive income		–	–	–	–	–	5	40	–	45	–	45
Total comprehensive income		–	–	–	–	–	**5**	**40**	**(4,963)**	**(4,918)**	**133**	**(4,785)**
Disposal of own share		–	5	–	–	–	–	–	(5)	–	–	–
Declared dividends by Company	27	–	–	–	–	–	–	–	(2,926)	(2,926)	–	(2,926)
Declared dividends by subsidiaries		–	–	–	–	–	–	–	–	–	(17)	(17)
Transfer to reserves	16	–	–	–	192	5,000	–	–	(5,192)	–	–	–
Share-based payments	27	–	–	–	778	–	–	–	–	778	–	778
Acquisition of minority interest	3	–	–	–	–	–	–	–	138	138	(144)	(6)
Balance as at 30 June 2019		**46,093**	**(448)**	**23,038**	**4,389**	**5,000**	**(17)**	–	**89,955**	**168,010**	**2,060**	**170,070**
								–				
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 shares		–	2	–	–	–	–	–	(2)	–	–	–
Declared dividends by subsidiaries		–	–	–	–	–	–	–	–	–	(8)	(8)
Transfer to reserves	16	–	–	–	239	–	–	–	(239)	–	–	–
Transfer from reserves		–	–	–	–	(5,000)	–	–	5,000	–	–	–
Share-based payments	27	–	–	–	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**

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

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 2018		**46,093**	**(453)**	**23,038**	**3,419**	–	**37,812**	**109,909**
Net profit for the year		–	–	–	–	–	4,760	4,760
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**4,760**	**4,760**
Share-based payments	27	–	–	–	778	–	–	778
Disposal of own shares		–	5	–	–	–	(5)	–
Declared dividends by the Company	27	–	–	–	–	–	(2,926)	(2,926)
Transfer to reserves	16	–	–	–	192	5,000	(5,192)	–
Balance as at 30 June 2019		**46,093**	**(448)**	**23,038**	**4,389**	**5,000**	**34,449**	**112,521**
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**

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

Managing Director	Darius Zubas	....	30 October 2020
Finance Director	Mažvydas Šileika	....	30 October 2020
Chief Accountant	Ramutė Masiokaitė	....	30 October 2020

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

Cash flow statements

	Notes	***Group*** *Financial year ended*		***Company*** *Financial year ended*	
		30 June 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Cash flows from (to) operating activities					
Net profit (loss)		10,004	(4,830)	1,230	4,760
Adjustments for non-cash items:					
Depreciation and amortisation	5, 6, 7	11,380	8,945	60	30
Subsidies amortisation	17	(531)	(650)	–	–
(Gain) on disposal of property, plant and equipment	24	(1,001)	(415)	14	–
Change in allowance and write-offs for receivables	23	344	79	–	–
Inventories write down to net realisable value	10	61	123	–	–
Write-off of right-of-use assets	6,7	(480)	–	–	–
Change of provision for onerous contracts	22	(1,009)	1,014	–	–
Change in contract assets and accrued expenses		781	(2,046)	234	(343)
Change in fair value of biological assets	22	(5,834)	(1,115)	–	–
Change in fair value of investment		–	–	–	(57)
Change in accrued share-based payment		644	960	(766)	960
Loss from business combination	3	358	–	–	–
Change in deferred income tax	26	1,633	(1,709)	(125)	(150)
Current income tax expenses	26	293	109	–	7
Expenses (income) from change in fair value of financial instruments		232	1,432	–	–
Dividend (income)		(1)	(4)	(1,598)	(5,624)
Interest (income)	25	(817)	(635)	(551)	(520)
Interest expenses	25	3,713	3,727	182	95
		19,770	**4,985**	**(1,320)**	**(842)**
Changes in working capital:					
(Increase) decrease in biological assets		3,508	(968)	–	–
Decrease (increase) in inventories,incl. right of return asset		8,224	4,180	–	–
Decrease (increase) in prepayments		1,555	5,281	(8)	–
Decrease (increase) in trade and other accounts receivable		5,614	3,201	(189)	35
Decrease (increase) in restricted cash	14	211	600	–	–
Increase (decrease) in contract liabilities, refund liabilities, trade and other accounts payable		164	3,500	119	(85)
Income tax (paid)		(165)	(471)	–	(6)
Net cash flows from (to) operating activities		**38,881**	**20,308**	**(1,398)**	**(898)**

(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) 8

Cash flow statements (cont'd)

	Notes	*Group* Financial year ended		*Company* Financial year ended	
		30 June 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5, 6, 7	(8,588)	(13,424)	(64)	(24)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		3,470	1,984	37	–
Acquisition of subsidiaries (less received cash balance in the Group), including payments for subsidiaries acquired in prior periods	3	(959)	–	(4)	(2)
Increase of share capital of subsidiaries		–	–	(65)	(1,627)
Loans (granted)		(559)	(84)	(6,500)	(2,600)
Repayment of granted loans		309	98	640	2,950
Interest received		740	635	413	1,461
Dividends received		–	4	198	5,624
Net cash flows from (to) investing activities		**(5,587)**	**(10,787)**	**(5,345)**	**5,782**
Cash flows from (to) financing activities					
Proceeds from loans	28	18,097	104,995	13,233	–
(Repayment) of loans	28	(40,710)	(110,331)	(6,712)	(1,463)
Lease (payments)	28	(5,558)	(1,485)	(44)	–
Grants received	17	30	335	–	–
Interest (paid)	28	(3,148)	(2,944)	(195)	(101)
Dividends (paid) to non-controlling shareholders	28	(8)	(17)	–	–
Dividends (paid)	28	–	(2,926)	–	(2,926)
Acquisition of non-controling interest		(95)	(6)	–	–
Net cash flows from (to) financing activities		**(31,392)**	**(12,379)**	**6,282**	**(4,490)**
Net (decrease) increase in cash and cash equivalents		**1,902**	**(2,858)**	**(461)**	**394**
Cash and cash equivalents at the beginning of the year	15	**7,637**	**10,495**	**683**	**289**
Cash and cash equivalents at the end of the year	15	**9,539**	**7,637**	**222**	**683**

(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

Cash flow statements (cont'd)

Supplemental information of cash flows:

		Group		Company	
		Financial year ended		Financial year ended	
		30 June 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Non-cash operating activity:					
Income tax payable set off with other taxes		–	–	19	1
Non-cash investing activity:					
Unpaid dividends from subsidiaries		–	–	1,400	–
Property, plant and equipment acquisitions financed by lease	6	4,797	–	115	–
Payables outstanding for property, plant and equipment		191	366	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		19,249	3,258	–	–
Payables outstanding for acquisition of subsidiaries	3	1,868	–	–	–

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

Managing Director	Darius Zubas	....	30 October 2020
Finance Director	Mažvydas Šileika	....	30 October 2020
Chief Accountant	Ramutė Masiokaitė	....	30 October 2020

(all amounts are in thousand euros unless otherwise stated) 10

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 2020 and as at 30 June 2019 the shareholders of the Company were:

	As at 30 June 2020		As at 30 June 2019	
	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	8,461,306	5.32 %	6,231,077	3.92 %
Other shareholders (private and institutional investors)	23,519,930	14.80 %	25,750,159	16.20 %
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 2020 (EUR 0.29 each as at 30 June 2019) and were fully paid as at 30 June 2020 and as at 30 June 2019.

The Company holds 770,972 of its own shares, percentage 0.49%, as at 30 June 2020 (772,972 as at 30 June 2019). Subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2020 and as at 30 June 2019.

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 2020 the number of employees of the Group was 2,103 (2,113 as at 30 June 2019).
As at 30 June 2020 the number of employees of the Company was 20 (8 as at 30 June 2019).

The Company's management approved these financial statements on 30 October 2020. 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 2020 and 30 June 2019.

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 2020 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

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 July 2019:

- **IFRS 16: Leases**
  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. Management has made an assessment of the effect of the standard and provided disclosure in Note 2.16.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. Management assessed that adoption of the amendment had no significant effect on the financial statements of the Group and the Company.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments relate to whether the measurement, in particular impairment requirements, of long- term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. Management assessed that adoption of the amendment had no the significant effect on the financial statements of the Group and the Company.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Management assessed that adoption of the interpretation had no significant effect on the financial statements of the Group and the Company.

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**
  The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. Management assessed that adoption of the amendment had no significant effect on the financial statements of the Group and the Company.

2. Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

- The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. Management has assessed the annual improvements had no significant effect on the financial statements of the Group and the Company.

    - **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
    - **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
    - **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

Standards issued but not yet effective and not early adopted

- **Conceptual Framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. These amendments are expected not to have significant impact on the Goup's and the Company's financial statements.

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These amendments are expected not to have significant impact on the Goup's and the Company's financial statements.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence 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'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These amendments are expected to have no impact on the Goup's and the Company's financial statements.

2. Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

- **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**
  In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). These amendments are expected to have no significant impact on the Goup's and the Company's financial statements.

- **IFRS 17: Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard.

- **IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)**
  The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The above Amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this amendment.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this amendment.

2. Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued an exposure draft to defer the effective date to 1 January 2023. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this amendment.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - **Annual Improvements** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

  The amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this amendment.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)**
  The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  - Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
  - There is no substantive change to other terms and conditions of the lease.

  The amendment has not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this amendment.

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

2. Accounting principles (cont'd)

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.

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.

2. Accounting principles (cont'd)

2.3. Principles of consolidation (cont'd)

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.

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.

(all amounts are in thousand euros unless otherwise stated) 17

2. Accounting principles (cont'd)

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.

2.7. 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. Accounting principles (cont'd)

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 2020 and 2019.
• 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 2020 and 2019.
• Fair value through profit or loss.

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. Accounting principles (cont'd)

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the profit or loss when the right of payment has been established.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes: disclosures for significant assumptions in Note 2.27, disclosures on trade receivables, including contract assets in Notes 12, 13.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables were grouped by days past due eliminating largest individual debtors wich were analyzed individually.

The Group considers a financial asset in default when contractual payments are 90 days past due or when indications exist that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For assessment of impairment of loans granted the expected 12-months credit losses are assessed and accounted upon issue of the loan. In subsequent periods, given the absence of significant increase in the credit risk associated with the debtor, the Company re-assesses the 12-months ECL balance based on the loan amount still outstanding as of the date of the re-assessment. If it is determined that the financial position of the debtor has significantly deteriorated in comparison with the position when the loan was issued, the Company accounts for ECL over the remaining life of the loan. Loans subject to assessment of lifetime ECL is considered to be credit-impaired financial assets. Based on assessment of the management, ECL as at 30 June 2020 and 2019 is not material to the financial statements.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Notes 8, 12 and 13.

2.Accounting principles (cont'd)

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.Accounting principles (cont'd)

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.

As at 30 June 2020 and 30 June 2019 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. Accounting principles (cont'd)

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. 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.

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 2019 and 2020.

Loans, borrowings and other payables

This is the category most relevant to the Group and 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, i.e. to realise the assets and settle the liabilities simultaneously.

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.

2.Accounting principles (cont'd)

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

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.

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.

2. Accounting principles (cont'd)

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

The effect of adopting IFRS 16 as from 1 July 2019

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

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:

- 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.

2. Accounting principles (cont'd)

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

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.

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.

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2.2. Accounting principles (cont'd)

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

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.

Adoption of IFRS 16

The Group and the Company have adopted IFRS 16 using the modified retrospective approach of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognized in retained earnings at the date of initial application and comparative information is not restated. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The impact of IFRS 16 adoption on the items (increase/(decrease)) of the Group's and the Company's statement of financial position as from 1 July 2019 was the following:

Assets	**Group**	**Company**
Property, plant and equipment	19,249	–
Total assets	**19,249**	**–**
Liabilities		
Non-current lease liabilities	15,696	–
Current lease liabilities	3,553	–
Total liabilities	**19,249**	**–**

(all amounts are in thousand euros unless otherwise stated) 26

2.Accounting principles (cont'd)

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

The Group's and the Company's lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

1 July 2019	**Group**	**Company**
Operating lease commitments at 30 June 2019 as disclosed under IAS 17 in Group's conslidated financial statements	12,057	–
The weighted average interest rate as at 1 July 2019	1.45% -2.8%	–
Discounted using the weighted average interest rate as at 1 July 2019	10,932	–
Financial lease liabilities recognised as at 30 June 2019	3,330	–
Recognition exemption for leases of low-value assets	–	–
Recognition exemption for leases with less than 12 months of lease term at transition	(967)	–
Extension options reasonably certain to be exercised	9,284	–
Lease liabilities as at 1 July 2019	**22,579**	**–**
from which:		
Current lease liabilities	4,428	–
Non-current lease liabilities	18,151	–

The Group also applied the available practical expedients for IFRS 16 transition wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application,
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The Group has lease contracts for various items of land, premises, plant, vehicles and other equipment. Before the adoption of IFRS 16, the Group and the Company classified each of their leases (as lessee) at the inception date as either a finance lease or an operating lease.

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.

Operating lease – the Group as a lessor

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.

Accounting policies applied before 1 July 2019 - Finance lease – the Group as a lessee

Leases where the lessor transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. The Group recognises finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate implicit in the lease, when it is possible to determine it, in other cases, the Group's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

2. Accounting principles (cont'd)

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

The depreciation is accounted for finance lease assets. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets are not depreciated over the period longer than the lease term, unless the Group, according to the lease contract, gets transferred their ownership after the lease term is over.

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straightline 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.

2.19. 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 27 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 27.

2. Accounting principles (cont'd)

2.19. Non-current employee benefits (cont'd)

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 27).

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.

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 2020 and 30 June 2019 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 14) 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:

(all amounts are in thousand euros unless otherwise stated) 29

2.Accounting principles (cont'd)

2.21. Income tax (cont'd)

	Financial year ended	
	30 June 2020	**30 June 2019**
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 25% as at 30 June 2020 (25% as at 30 June 2019).*

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.

2.22. Revenue recognition

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.

2.Accounting principles (cont'd)

2.22. Revenue recognition (cont'd)

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 10) and Other non –current liabilities (Note 21).

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 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.

2. Accounting principles (cont'd)

2.22. Revenue recognition (cont'd)

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.

2.23. 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.Accounting principles (cont'd)

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. Accounting principles (cont'd)

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.

Determining control of Karčemos kooperatinė bendrovė

The Group indirectly controled approx. 24% of shares of Karčemos kooperatinė bendrovė (through Panevėžys district Žibartonių ŽŪB and UAB Linas Agro Grūdų centras KŪB) as at 30 June 2019, however, the Group had the ability to receive variable returns from this investee and can have impact on these returns due to the power to govern the relevant activities of the entity to which the investment is made through contractual agreements. Therefore management of the Group had concluded that the Group has control of Karčemos kooperatinė bendrovė as at 30 June 2019.

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 11 and 12). 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.

(all amounts are in thousand euros unless otherwise stated) 35

2. Accounting principles (cont'd)

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

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 and 7), fair value estimation of biological assets (Notes 2.10 and 9), impairment evaluation (Notes 2.24, 5, 6, 7, 8, 11, 12 and 13), 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 10), assessment of provision for onerous contracts (Note 2.18) and assessment of fair value of share based payments (Note 27). 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 2020 and 30 June 2019 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).

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 2020 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 0.315 for the year ending 30 June 2021 and EUR 0.315 for the year ending 30 June 2022) used to calculate the expected future cash inflows as well as pre-tax discount rate (7.89%). As at 30 June 2019 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 2020 and EUR 0.33 for the year ending 30 June 2021) used to calculate the expected future cash inflows as well as pre-tax discount rate (7.4%).

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 2020		**30 June 2019**	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Milk price	+ 15%	3,115	+ 15%	2,980
Milk price	- 15%	(3,819)	- 15%	(2,926)
Discount rate	+ 1 p.p.	(58)	+ 1 p.p.	(60)
Discount rate	- 1 p.p.	59	- 1 p.p.	61

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

2. Accounting principles (cont'd)

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

Valuation of biological assets (cont'd)

Crops

As at 30 June 2020 and 2019 the key assumptions used to determine fair value of crops are the estimated yield ranges depending on the type of crops (4,0– 9,0 tones/ha for the year ending 30 June 2020 and 3,0– 9,0 tones/ha for the year ending 30 June 2019) 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 2020		30 June 2019	
	Possible change	Effect on fair value	Possible change	Effect on fair value
Yield	+ 5%	912	+ 5%	598
Yield	- 5%	(912)	- 5%	(598)
Price	+ 5%	755	+ 5%	575
Price	- 5%	(755)	- 5%	(575)

Poultry

As at 30 June 2020 and 2019 the main assumptions used to determine fair value of hatching chicken are the price of the incubation eggs (EUR 0.16-0.26 for the unit; EUR 0.18-0.28 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).

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 2020		30 June 2019	
	Possible change	Effect on fair value	Possible change	Effect on fair value
Number of eggs per lifecycle/price of eggs	+ 5%	261	+ 5%	286
Number of eggs per lifecycle/price of eggs	- 5%	(261)	- 5%	(286)

As at 30 June 2020 and 2019 the main assumptions used to determine fair value of broilers are the market price of chickens (EUR 0.41 for 1 day old and EUR 2.63 for 36 days old) which was estimated based on actual purchases/sales taking place close to the 30 June 2020 and broiler weight of 2.21 kg as at 36 days old (as at 30 June 2019 – 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 2020		30 June 2019	
	Possible change	Effect on fair value	Possible change	Effect on fair value
Weight	+ 5%	22	+ 5%	21
Weight	- 5%	(22)	- 5%	(21)
Price	+ 5%	22	+ 5%	21
Price	- 5%	(22)	- 5%	(21)

2. Accounting principles (cont'd)

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

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 2020 and 30 June 2019 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 2020 and 30 June 2019 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.

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

As at 30 June 2020 and 30 June 2019 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 2020 and 2019 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 64,596 thousand as at 30 June 2020 (as at 30 June 2019 – EUR 58,196 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 2020 and 2019 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 2020 and 2019 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 22,804 thousand as at 30 June 2020 (as at 30 June 2019 - EUR 22,233 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 2020 and 2019 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 8.8% which is used for the discounted cash flow model. As at 30 June 2020 and 2019 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.

As at 30 June 2020 and 2019 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 4,040 thousand as at 30 June 2020 (as at 30 June 2019 – 3,975 thousand). According to the test performed no impairment was identified for the year ended 30 June 2020 and 2019 as recoverable value of investments was higher than the carrying value. As at 30 June 2020 and 2019 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.

2. Accounting principles (cont'd)

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

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 2020 and 2019 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 2019 the carrying value of this CGU amounted to EUR 13,546 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 2020 the recoverable amount of CGU is most sensitive to the pre-tax discount rate of 8.0 %. In case discount rate increases by 1%, the CGU impairment (including goodwill) would increase by additional EUR 395 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.

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 27.

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. Accounting principles (cont'd)

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.

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3.Group structure and changes in the Group

As at 30 June 2020 and as at 30 June 2019 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 2020	30 June 2019	30 June 2020	30 June 2019	
Investments into directly controlled subsidiaries						
AB Linas Agro	Lithuania	100%	100%	57,096	56,556	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	13,954	13,766	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic	Lithuania	100%	100%	10,738	10,688	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	5,445	5,380	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%	723	688	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	888	858	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	97.16%	97.11%	6,706	6,134	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%	97.11%	–	–	Not operating company
		Investments into subsidiaries		104,569	103,089	
		(Less) impairment		–	–	
				104,569	**103,089**	

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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 2020	30 June 2019	30 June 2020	30 June 2019	
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
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	–	–	Preparation and warehousing of grains for trade
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)						
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	99.16%	99.13%	–	–	Preparation and warehousing of grains for trade
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%	95.92%	–	–	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%	–	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 2	Latvia	100%	–	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 3	Latvia	100%	–	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 4	Latvia	100%	–	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 5	Latvia	100%	–	–	–	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 6	Latvia	100%	–	–	–	Rent and management of agricultural purposes land

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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		
		30 June 2020	30 June 2019	30 June 2020	30 June 2019	
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)						
SIA Zemvalda Land Management Holdings 7	Latvia	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 1	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 2	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 3	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 4	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 5	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 6	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvados Turtas 7	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 1	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 2	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 3	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 4	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 5	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 6	Lithuania	100%	–	–	–	Rent and management of agricultural purposes land
UAB Zemvados Turtas SPV 7	Lithuania	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 2020 and 2019.*

The respective share held directly by the Company did not changed as at 30 June 2020 and 2019 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 2020 and 2019 of UAB Landvesta 5 was 67.92%, UAB Linas Agro Grūdų Centras KŪB was 60.94% , respectively.

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

	Place of regist-ration	Effective share of the stock held by the Group		Cost of investment in the Company		Main activities
		30 June 2020	30 June 2019	30 June 2020	30 June 2019	
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 centras KŪB)						
Karčemos Kooperatinė Bendrovė	Lithuania	80%	20%*	–	–	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)						
Karčemos Kooperatinė Bendrovė	Lithuania	4.00%	4.00%*	–	–	Preparation and warehousing of grains for trade
Kėdainiai district ŽŪB Nemunas Lithuania	Lithuania	67.44%	–	–	–	Mixed agricultural activities
Investments into indirectly controlled subsidiaries (through UAB Landvesta 1 -6, UAB Noreikiskes, UAB Lineliai)						
UAB Zemvados Turto Konsultacijos	Lithuania	100%	–	–	–	Management of the subsidiaries

** On 30 June 2019 the Group indirectly owns 24% of shares of Karčemos kooperatinė bendrovė (through Panevėžys district Žibartonių ŽŪB and UAB Linas Agro Grūdų centras KŪB), however, the Group has control over this entity (Note 2.27) and, therefore, it has been consolidated when preparing these financial statements.*

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

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.

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.

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

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:

	Kėdainiai District ŽŪB Nemunas EUR'000
Acquisition date for consolidation purposes	**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 24)	(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.

During 12 month period, ended 30 June 2020, the Group established land management companies SIA Zemvalda Land Management Holdings 1-7 (7 companies), UAB Zemvaldos Turtas 1-6 (6 companies), UAB Zemvados Turtas SPV 1-6 (6 companies), UAB Zemvados Turto Konsultacijos.
During 12 month period, ended 30 June 2020, the Group increased the share capital of LLC LINAS AGRO UKRAINE by EUR 180 thousand.

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.

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

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:

	UAB Zemvaldos turtas 7 sub-group EUR'000
Acquisition date for consolidation purposes	**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 24)	(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

Changes in the Group during the 12 month period ended 30 June 2019

During 12 month period, ended 30 June 2019, the Company acquired 0.02% AS Putnu fabrika Kekava share capital for EUR 1 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 4 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 2019, the Group acquired 0.71 % ŽŪB Sidabravo share capital for EUR 5 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 31 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 2019, the Group founded the share capital of LLC LINAS AGRO UKRAINE UAH 6,500 thousand (EUR 205 thousand).

During 12 month period, ended 30 June 2019, the Group reduced the share capital of ŽŪB Užupės by paying out EUR 140 thousand to shareholders.

During 12 month period, ended 30 June 2019, the Company increased the share capital of UAB Linas Agro Grūdų Centras KŪB by EUR 1,300 thousand, UAB Linas Agro Konsultacijos – by EUR 1,213 thousand, UAB Lineliai – by EUR 50 thousand, ŽŪB Noreikiškių – by EUR 30 thousand, ŽŪB Landvesta 5 – by EUR - 45 thousand.

The Group increased the share capital of SIA Linas Agro by EUR 1,000 thousand, Panevėžys district Aukštadvario ŽŪB – by EUR 1,010 thousand, Kėdainiai district Labūnavos ŽŪB – by EUR 200 thousand, UAB Gerera – by EUR 30 thousand. Accordingly, the minority interest in Panevėžys district Aukštadvario ŽŪB and Kėdainiai district Labūnavos ŽŪB has been recalculated, respectively by EUR 76 thousand and EUR 27 thousand.

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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 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

(all amounts are in thousand euros unless otherwise stated) 47

4. Segment information (cont'd)

Group *Financial year ended* **30 June 2019**	**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	507,783	140,464	17,497	77,029	(231)	–	–	742,542
Intersegment	5,521	8,198	8,741	–	–	–	(22,460)1)	–
Total revenue from contracts with customers	**513,304**	**148,662**	**26,238**	**77,029**	**(231)**	–	**(22,460)1)**	**742,542**
Results								
Operating expenses6)	(8,215)	(13,091)	(3,295)	(7,324)	411	(3,668)	–	(35,182)
Depreciation and amortisation	(2,533)	(615)	(1,511)	(3,342)	–	(294)	–	(8,295)
Provisions for onerous contracts	(1,014)	–	–	–	–	–	–	(1,014)
Write-off bad debts and change in provisions for doubtful debts	(172)	(344)	13	63	434	(73)	–	(79)
Impairment of property plant and equipment	–	–	–	–	–	–	–	–
Segment operating profit (loss)	**(8,640)**	**2,950**	**3,230**	**2,431**	**471**	**(3,778)**	**–**	**(3,336)**
Assets								
Capital expenditure2)	5,360	1,400	6,077	4,211	–	–	–	17,048
Non-current assets	40,083	10,329	45,759	44,146	886	7,8253)	–	149,028
Current assets	44,289	145,403	21,471	17,541	232	13,4344)	–	242,370
Total assets	**84,372**	**155,732**	**67,230**	**61,687**	**1,118**	**21,259**	**–**	**391,398**
Current liabilities	28,655	124,779	4,081	12,213	82	22,0555)	–	191,865

1) Intersegment revenue is eliminated on consolidation.
2) Capital expenditure consists of additions of intangible assets, property, plant and equipment and investment property.
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 2020 and 30 June 2019 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 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Revenue from contracts with customers	657,700	742,542	543	30
Dividends from subsidiaries	–	–	1,598	5,624
Rental and other income	–	–	179	163
	657,700	**742,542**	**2,320**	**5,817**

Revenue from contracts with customers by their geographical segments	**Group**	
	Financial year ended	
	30 June 2020	**30 June 2019**
Lithuania	193,642	216,467
Europe (except for Scandinavian countries, CIS and Lithuania)	226,215	239,332
Scandinavian countries	88,004	118,912
Africa	93,096	51,481
Asia	38,620	88,482
CIS	18,123	27,868
	657,700	**742,542**

Revenue from the largest customer amounted to EUR 31,375 thousand for the year ended 30 June 2020. Revenue from the largest customer amounted to EUR 53,879 thousand for the year ended 30 June 2019. Sales for largest customers are accounted for under grain and feedstuff handling and merchandising caption of business segments for the years ended 30 June 2020 and 2019.

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

Non-current assets	**Group**	
	As at 30 June 2020	**As at 30 June 2019**
Lithuania	93,701	70,573
Latvia	61,823	59,515
Estonia	890	914
Ukraine	19	25
	156,433	**131,027**

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 2018	1,039	277	1,971	3,287
Additions	51	196	–	247
Write-offs	(1)	(15)	–	(16)
Reclassifications	–	292	–	292
Balance as at 30 June 2019	1,089	750	1,971	3,810
Additions	167	7	–	174
Reclassification	484	(484)	–	-
Write-offs	(182)	(1)	–	(183)
Balance as at 30 June 2020	1,558	272	1,971	3,801
Accumulated amortization:				
Balance as at 30 June 2018	581	89	–	670
Charge for the year	106	31	–	137
Write-offs	–	(10)	–	(10)
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
Impairment losses:				
Balance as at 30 June 2018	–	–	1,121	1,121
Balance as at 30 June 2019	–	–	1,121	1,121
Balance as at 30 June 2020	–	–	1,121	1,121
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**
Net book value as at 30 June 2018	**458**	**188**	**850**	**1,496**

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 594 thousand as at 30 June 2020 was fully amortized (EUR 847 thousand as at 30 June 2019) but was still in active use.

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6. Property, plant and equipment

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 30 June 2018	19,368	96,327	53,863	5,334	4,812	9,742	189,446
Additions	2,030	1,294	3,466	484	207	9,320	16,801
Disposals and write-offs	(31)	(1,625)	(2,134)	(607)	(269)	(2)	(4,668)
Transfers from investment property	179	–	–	–	–	–	179
Transfers to intangible assets	–	–	–	–	–	(292)	(292)
Reclassifications	10	10,405	3,155	382	346	(14,298)	–
Balance as at 30 June 2019	21,556	106,401	58,350	5,593	5,096	4,470	201,466
Effect of adoption of IFRS 16 1 July 2019	12,675	2,620	2,096	1,848	10	–	19,249
Additions	3,375	582	4,701	2,074	582	5,591	16,905
Acquisition of subsidiaries (Note 3)	2,944	708	616	35	16	12	4,331
Disposals and write-offs	(2,433)	(582)	(4,172)	(1,407)	(751)	(66)	(9,411)
Transfers to investment property	(24)	–	–	–	–	–	(24)
Reclassification	5	5,571	424	28	1,052	(7,080)	–
Transfer from/to inventories	–	–	1,554	–	–	–	1,554
Balance as at 30 June 2020	38,098	115,300	63,569	8,171	6,005	2,927	234,070
Accumulated depreciation:							
Balance as at 30 June 2018	81	35,462	24,151	3,101	3,159	–	65,954
Charge for the year	48	3,965	4,048	515	517	–	9,093
Disposals and write-offs	–	(291)	(1,456)	(533)	(251)	–	(2,531)
Reclassifications	–	–	5	–	(5)	–	–
Balance as at 30 June 2019	129	39,136	26,748	3,083	3,420	–	72,516
Charge for the year	1,883	4,595	5,012	1,464	534	–	13,488
Disposals and write-offs	(202)	(54)	(3,405)	(1,068)	(666)	–	(5,395)
Reclassifications	–	–	(66)	26	40	–	–
Balance as at 30 June 2020	1,810	43,677	28,289	3,505	3,328	–	80,609
Impairment losses:							
Balance as at 30 June 2018	–	696	164	–	42	–	902
Disposals and write-offs	–	(29)	(1)	–	–	–	(30)
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
Net book value as at 30 June 2020	**36,288**	**70,956**	**35,118**	**4,666**	**2,642**	**2,927**	**152,597**
Net book value as at 30 June 2019	**21,427**	**66,598**	**31,439**	**2,510**	**1,634**	**4,470**	**128,078**
Net book value as at 30 June 2018	**19,287**	**60,169**	**29,548**	**2,233**	**1,611**	**9,742**	**122,590**

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6.Property, plant and equipment (cont'd)

The Group's depreciation charge for the years ended 30 June 2020 and 30 June 2019 was included into the following captions:

	Financial year ended	
	30 June 2020	**30 June 2019**
Cost of sales	9,330	7,957
Operating expenses	1,730	688
Other expenses	156	160
Biological assets	2,272	288
	13,488	**9,093**

Depreciation amount was decreased in the statement of comprehensive income by EUR 531 thousand for the year ended 30 June 2020 (EUR 643 thousand for the year ended 30 June 2019) by the amortisation of grants received by the Group (Note 17).

As at 30 June 2020 part of property, plant and equipment of the Group with the net book value of EUR 94,460 thousand (EUR 87,221 thousand as at 30 June 2019), was pledged to banks as a collateral for the loans (Note 18).

Part of property, plant and equipment with the acquisition cost of EUR 17,016 thousand was fully depreciated as at 30 June 2020 (EUR 19,062 thousand as at 30 June 2019), but was still in active use.

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7. 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 2020.

Cost:	**Land**	**Buildings**	**Total**
Balance as at 30 June 2018	1,293	131	1,424
Disposals and write-offs	(75)	(7)	(82)
Transfers to property, plant and equipment	(179)	–	(179)
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
Accumulated depreciation:			
Balance as at 30 June 2018	2	55	57
Charge for the year	1	3	4
Disposals and write-offs	–	(7)	(7)
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
Impairment losses:			
Balance as at 30 June 2018	51	–	51
Balance as at 30 June 2019	51	–	51
Charge for the year	–	3	3
Balance as at 30 June 2020	51	3	54
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**
Net book value as at 30 June 2018	**1,240**	**76**	**1,316**

Investment property of the Company consists of buildings leased out under the operating lease which generates lease income.

As at 30 June 2020 part of investment property of the Group with the net book value of EUR 224 thousand (EUR 535 thousand as at 30 June 2019), was pledged to banks as a collateral for the loans (Note 18). As at 30 June 2020 and 30 June 2019 the Company has pledged all its investment property to the bank as collateral for the loan received by its subsidiary AB Linas Agro (Note 18).

As at 30 June 2020 part of investment property of the Group and the Company with the net book value of EUR 112 thousand and EUR 0, respectively (EUR 105 thousand and EUR 0, respectively as at 30 June 2019) 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 2020 is EUR 4,010 thousand and EUR 41 thousand, respectively (as at 30 June 2019 EUR 3,830 thousand and EUR 411 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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8.Non-current receivables and prepayments

	Group		Company	
	As at 30 June 2020	**As at 30 June 2019**	**As at 30 June 2020**	**As at 30 June 2019**
Trade receivables from agricultural produce growers due after one year	851	1,765	–	–
Other trade receivables	141	86	–	–
Loans receivable from related parties after one year (Note 30)	–	–	10,595	10,407
Loans receivable after one year	220	400	–	–
Other non-current receivable	–	26	–	–
Loans to employees	49	158	–	–
Less: allowance for doubtful non-current receivables	–	–	–	–
	1,261	**2,435**	**10,595**	**10,407**
Non-current prepayments for services	1,596	1,649	–	–
Non-current prepayments	**1,596**	**1,649**	**–**	**–**

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 2020 the balance of prepayments was EUR 1,796 thousand, according to the agreement. The amounts were disclosed as non-current prepayments EUR 1,596 thousand (EUR 1,649 thousand as at 30 June 2019) and current prepayments EUR 200 thousand, Note 11 (EUR 184 thousand as at 30 June 2019).

Movements in the allowance for impairment of the Group's non-current receivables were as follows:

	Individually impaired
Balance as at 30 June 2018	–
Balance as at 30 June 2019	–
Balance as at 30 June 2020	–

None of the Group's non-current receivables as at 30 June 2020 and 30 June 2019 were overdue.

As at 30 June 2020 part of non-current receivables of the Group with the net book value of EUR 667 thousand was pledged to banks as a collateral for the loans (EUR 1,373 thousand as at 30 June 2019).

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9. 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 2018	4,154	2,147	1,263	3,474	–	11,038
Acquisition	–	–	8	8,098	–	8,106
Births	–	117	94	320	–	531
Makeweight	–	2,283	1,153	37,279	–	40,715
Transfers between groups	1,714	(1,882)	168	–	–	–
Disposals	(1,434)	(198)	(1,706)	(44,392)	–	(47,730)
Write-offs and falls	(151)	(34)	(33)	(451)	–	(669)
Change in fair value of biological assets (Note 23)	433	–	(213)	(238)	–	(18)
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 (Note 23)	(336)	–	42	836	–	542
Fair value as at 30 June 2020	4,612	2,561	514	4,293	29	12,009

As at 30 June 2020 part of poultry amounting to EUR 2,580 thousand is disclosed as current assets (EUR 2,548 thousand as at 30 June 2019).

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 2020	3,403	3,727	1,370	2,923,362	2,931,862
As at 30 June 2019	3,206	3,394	1,561	2,256,101	2,264,262
Output according to biological assets group for the year ended (t) (unaudited):					
As at 30 June 2020	35,363	736	469	45,271	81,839
As at 30 June 2019	33,085	609	546	47,145	81,385

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9. 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 2018	3,918	5,021	2,381	1,536	12,856
Additions	6,075	4,098	3,383	3,117	16,673
Harvested assets	(4,552)	(5,779)	(2,717)	(3,363)	(16,411)
Write-offs	–	(2)	(27)	–	(29)
Fair value adjustment on biological assets (Note 23)	122	884	187	(60)	1,133
Fair value as at 30 June 2019	5,563	4,222	3,207	1,230	14,222
Additions	6,703	4,488	5,059	3,176	19,427
Harvested assets	(6,954)	(5,202)	(4,753)	(3,041)	(19,949)
Write-offs	(2)	(12)	–	–	(13)
Fair value adjustment on biological assets (Note 23)	2,239	1,737	1,225	90	5,291
Fair value as at 30 June 2020	7,549	5,233	4,738	1,455	18,978

Crops under groups:	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
Total sowed (ha) as at 30 June 2019	6,553	4,758	2,815	3,199	17,325
Total sowed (ha) as at 30 June 2020	6,772	4,712	3,401	3,424	18,309
Harvested crops under groups (unaudited):					
Total harvest for the year ended 30 June 2019 (t)	27,337	32,011	7,142	80,931	147,421
Total harvest for the year ended 30 June 2020 (t)	37,056	20,008	9,288	93,763	160,115

During the years ended 30 June 2020 and 2019 there were no transfers between the different levels of fair value hierarchy.

As at 30 June 2020 part of animals and livestock of the Group with the carrying value of EUR 7,582 thousand (EUR 2,925 thousand as at 30 June 2019) were pledged to banks as a collateral for the loans (Note 18).

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10. Inventories

	Group	
	As at 30 June 2020	As at 30 June 2019
Purchased goods for resale	68,574	79,278
Raw materials and other inventories	13,153	11,238
Commitments to purchase agricultural produce (Note 14)	(671)	287
Right of returnable asset	–	329
Less: net realizable value allowance	(1,519)	(1,315)
	79,537	**89,817**

The carrying value of the Group's inventories accounted for at net realizable value as at 30 June 2020 amounted to EUR 14,505 thousand (EUR 15,043 thousand as at 30 June 2019). The amount of write-down of inventories to net realizable value recognized as an expense in the year ended 30 June 2020 is EUR 204 thousand (EUR 123 thousand in the year ended 30 June 2019), and is recognized in cost of sales of the statement of comprehensive income.

As at 30 June 2020 part of inventories of the Group with the carrying value of EUR 57,528 thousand (EUR 61,383 thousand as at 30 June 2019) were pledged to banks as collateral for the loans (Note 18).

11. Prepayments

	Group	
	As at 30 June 2020	As at 30 June 2019
Prepayments to agricultural produce growers	197	652
Prepayments to other suppliers	5,025	6,148
Prepayments for services (Note 8)	200	184
Less: allowance for doubtful prepayments to other suppliers	–	–
	5,422	**6,984**

During year ended 30 June 2020 and 30 June 2019, 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 2020 part of prepayments of the Group with the carrying value of EUR 3,048 thousand (EUR 4,466 thousand as at 30 June 2019) were pledged to banks as collateral for the loans (Note 18).

12. Trade receivables

	Group	
	As at 30 June 2020	As at 30 June 2019
Trade receivables from agricultural produce growers	84,092	80,333
Trade receivables from other customers	30,091	35,524
Less: allowance for doubtful trade receivables	(3,705)	(3,897)
	110,478	**111,960**

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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12. 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**
2019	0.16%	9.23%	9.94%	29.13%
2020	0.10%	5.57%	6.70%	22.77%

Movements in the allowance for impairment of the Group's trade receivables were as follows:

	Individually impaired
Balance as at 30 June 2018	3,517
Reassessment of allowance in accordance with IFRS 9 as at 1 July 2018	8
Charge for the year	729
Reversed during the year	(236)
Written-off during the year	(121)
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

Changes in allowance for trade receivables for the years ended 30 June 2020 and 30 June 2019 were included into operating expenses in the statement of comprehensive income (Note 23).

The ageing analysis of the Group's trade receivables as at 30 June 2020 and 30 June 2019 is as follows (less allowance):

	Trade receivables not past due	**Past due**			**Total**
		Less than 90 days	**91 - 180 days**	**More than 180 days**	
2019	96,080	14,371	629	880	111,960
2020	102,620	6,831	301	726	110,478

As at 30 June 2020 the Group transferred rights to part of its trade receivables with the value of EUR 98,465 thousand (EUR 95,856 thousand as at 30 June 2019) to banks as collateral for the loans (Note 18). Factorised trade receivables in the amount of EUR 130 thousand as at 30 June 2020 (EUR 1,877 as at 30 June 2019) 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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13.Other accounts receivable and contract assets

	Group	
Financial assets	**As at 30 June 2020**	**As at 30 June 2019**
National Paying Agency	2,450	2,273
Loans receivable	372	88
Loans granted to the Group employees	18	16
Interest receivable	4	3
Contract assets	1,011	688
Receivable for assets held for sale	236	19
Other receivables	438	406
Less: allowance for doubtful loans receivable	(24)	(24)
	4,505	**3,469**
Non-financial assets		
VAT receivable	359	3,970
Other recoverable taxes	30	37
	389	**4,007**
	4,894	**7,476**

Changes in allowance for other accounts receivables for the years ended 30 June 2020 and 2019 were included into operating expenses in the statement of comprehensive income (Note 23).

Movements in the allowance for impairment of the Group's other accounts receivable were as follows:

	Individually impaired
Balance as at 30 June 2018	108
Reversed during the year	(22)
Written-off during the year	(62)
Balance as at 30 June 2019	24
Reversed during the year	–
Written-off during the year	–
Balance as at 30 June 2020	24

The ageing analysis of the Group's other receivables (except for non-financial assets) as at 30 June 2020 and 30 June 2019 is as follows:

	Other accounts receivable neither past due nor impaired	**Past due but not impaired**				**Total**
		Less than 90 days	**91 - 180 days**	**181 - 270 days**	**More than 271 days**	
2019	3,292	173	–	–	4	3,469
2020	4,505	–	–	–	–	4,505

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14. Other current 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 2020	**As at 30 June 2019**
Derivative financial instruments				
Derivative financial instruments used to hedge the price risk (current portion) – assets (liabilities)	Level 1	a)	588	(630)
Derivative financial instruments used to hedge the interest risk (current portion) – assets (liabilities)	Level 2	b)	–	–
Foreign exchange forward and swap contracts – assets	Level 2		–	–
Foreign exchange forward and swap contracts – liabilities	Level 2		(101)	(2)
Other derivatives			(27)	37
			460	(595)
Other financial assets				
Restricted cash		c)	656	800
Other financial assets			248	340
			904	1,140

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 2020 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 2020 the negative fair value of such futures contracts was equal to EUR 563 thousand (EUR 630 thousand of negative fair value as at 30 June 2019). These results are accounted for in cost of sales in the statement of comprehensive income. Hedged item (commitments to purchase agricultural produce) of EUR 1,031 thousand of gain (EUR 287thousand of gain as at 30 June 2019) is accounted for as inventories (Note 10) 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) Derivative financial instruments used to hedge interest rate fluctuation risk were attributed to the category of cash flow hedge. As at 30 June 2020 the Group had no interest rate swap agreement. As at 2 March 2016 the Group signed the interest rate swap agreement for a nominal of EUR 20,000 thousand, for the period of 4 March 2016 – 4 March 2019. The Group paid 0 % fixed interest rate and received fluctuating EURIBOR interest for the amount set per agreement. The interest rate swap was used to hedge market interest rate fluctuations and secure cash flow used for credit line repayments (Note 18).

14.Other current financial assets and derivative financial instruments (cont'd)

The fair value of derivative financial instrument is determined at each financial statement date. The interest rate swap effective part fair value change is accounted in other comprehensive income and ineffective part fair value change is accounted in profit (loss) in the statement of comprehensive income.

	Group	
	Financial year ended	
	30 June 2020	**30 June 2019**
Recognised in other comprehensive income:		
Gain (loss) on interest rate swap contract (effective part)	–	47
Income tax effect	–	(7)
	–	**40**

c) As at 30 June 2020 and 30 June 2019 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.
The Group has recognized gain resulting from ineffective hedge in amount of EUR 347 thousand in costs of sales account for the year ended 30 June 2020 (EUR 493 thousand gain for the year ended 30 June 2019).

The Group is holding the following commodity future contracts:

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

*The open derivatives are related to ineffective hedge relationships or not designated for hedging.

As at 30 June 2019	**November 2019**	**December 2019**	**December 2019***	**Total**
Commodity future contracts				
Notional amount (in tonnes, thousand)	5	132	–	137
Notional amount in EUR, thousand	–	(406)	(224)	(630)
Average hedged rate (EUR per tonne)	(0.00)	(3.08)	–	(4.60)

*The open derivatives are related to ineffective hedge relationships or not designated for hedging.

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15.Cash and equivalents

	Group		Company	
	As at 30 June 2020	**As at 30 June 2019**	**As at 30 June 2020**	**As at 30 June 2019**
Cash at bank	9,120	7,559	221	683
Cash in transit	372	32	1	–
Cash on hand	47	46	–	–
	9,539	**7,637**	**222**	**683**

As at 30 June 2020 the Group pledged cash of EUR 5,298 thousand (EUR 3,161 thousand as at 30 June 2019) to banks as collateral for the loans (Note 18).

As at 30 June 2020 and 30 June 2019 there were no restrictions on use of cash balances held in the pledged accounts (Note 18).

16.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 2020 the legal reserve is EUR 3,850 thousand (as at 30 June 2019 – EUR 3,611 thousand). Legal reserve was not fully formed as at 30 June 2020 and 30 June 2019.

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 2020 the Company disposed of 2,000 own shares, net result of this transaction is recognised directly to the statement of changes in equity. During the year ended 30 June 2019 the Company disposed of 9,000 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 2020 and as at 30 June 2019.

Share based payments reserve
As at 30 June 2020 the Group/ Company has accounted related expenses with share options of employees participating in share options incentive as share based payments reserve to EUR 525 thousand (as at 30 June 2019 – EUR 778 thousand), additional information is disclosed Note 27.

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17. Grants and subsidies

The movement of grants received by the Group is as follows:

Balance as at 30 June 2018	7,165
Received	335
Amortisation	(691)
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

As at 30 June 2020 the amount is disclosed in the statement of financial position as non-current liabilities (EUR 5,745 thousand) and other current liabilities (EUR 543 thousand) (as at 30 June 2019 EUR 6,121 thousand as non-current liabilities and EUR 688 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 2020 and 30 June 2019 was included into the following captions:

	Group	
	Financial year ended	
	30 June 2020	**30 June 2019**
Cost of sales (reducing the depreciation expenses of related assets)	525	643
Operating expenses	6	7
Biological assets	86	41
	617	**691**

For the years ended 30 June 2020 and 30 June 2019 the Group also received subsidies for animals and livestock, crops and milk in the total amount of EUR 3,312 thousand and EUR 3,186 thousand, respectively, which were accounted for in the other income caption as at 30 June 2019 as required per IAS20.

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18. Borrowings

	Group		Company	
	As at 30 June 2020	As at 30 June 2019	As at 30 June 2020	As at 30 June 2019
Non-current borrowings				
Bank borrowings secured by the Group assets	18,692	19,793	–	–
Other non-current related parties borrowings (Note 30)	–	–	1,236	1,206
	18,692	**19,793**	**1,236**	**1,206**
Current borrowings				
Current portion of non-current bank borrowings	13,130	13,411	–	–
Current bank borrowings secured by the Group assets	92,476	111,165	6,483	–
Other current borrowings	253	2,374	–	–
Other current related parties borrowings (Note 30)	–	–	1,637	1,646
	105,859	**126,950**	**8,120**	**1,646**
	124,551	**146,743**	**9,356**	**2,852**

Interest payable is normally settled monthly throughout the financial year.

As at 30 June 2020 and 30 June 2019 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, 7, 8, 9, 10, 11, 12, 15).

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 2019 nine of the Group companies did not comply with the covenants, total sum of such borrowings – EUR 121,976 thousand (out of which EUR 120,751 thousand was presented as current borrowings and EUR 1,225 thousand as non current). Because of non compliance the Group reclassified the above-mentioned non current borrowings amount to current borrowings caption. Two companies received bank waivers in terms of covenants breach till the end of the financial year (the sum of the borrowings – EUR 12,449 thousand), and the remaining seven subsidiaries received the bank waivers after end of the financial year (total sum of the borrowings – EUR 109,527 thousand).

Weighted average effective interest rates of borrowings outstanding at the year-end:

	Group		Company	
	As at 30 June 2020	As at 30 June 2019	As at 30 June 2020	As at 30 June 2019
Current borrowings	1.88%	1.53%	1.99%	4.00%
Non-current borrowings	1.73%	1.86%	2.61%	2.65%

Borrowings at the end of the year in national and foreign currencies (EUR equivalent):

	Group		Company	
	As at 30 June 2020	As at 30 June 2019	As at 30 June 2020	As at 30 June 2019
Borrowings denominated in:				
EUR	120,019	144,750	9,356	2,852
USD	4,532	1,993	–	–
	124,551	**146,743**	**9,356**	**2,852**

As at 30 June 2020 the Group's not utilized credit lines comprise EUR 74,493 thousand (EUR 65,422 thousand as at 30 June 2019). The fair value of the Group's and the Company's borrowings approximate their carrying amount.

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19. 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 2020	**As at 30 June 2019**	**As at 30 June 2020**	**As at 30 June 2019**
Non-current lease liabilities				
Lease liabilities related to right of use assets*	15,647	–	31	–
Lease liabilities related to other assets**	3,831	2,455	101	–
	19,478	**2,455**	**132**	**–**
Current lease liabilities				
Lease liabilities related to right of use assets*	3,804	–	16	–
Lease liabilities related to other assets**	1,188	875	35	–
	4,992	**875**	**51**	**–**
	24,470	**3,330**	**183**	**–**

*Lease liabilities accounted as operational lease before adoption of IFRS 16.
** Lease liabilities accounted as financial lease before adoption of IFRS 16.
Future lease payments under the above-mentioned lease contracts are disclosed in Note 28. The fair value of the Group's and the Company's lease liabilities approximate their carrying amount.
Operating lease payments in the future under lease contracts are as follows:

	Group		*Company*	
	As at 30 June 2020	**As at 30 June 2019**	**As at 30 June 2020**	**As at 30 June 2019**
Within 1 year	–	3,594	–	–
From one to finve years	–	6,496	–	–
After five years	–	1,967	–	–
Total	**–**	**12,057**	**–**	**–**

20.Trade payables

Trade payables are non-interest bearing and are normally settled on 360-day term.

21.Other non - current liabilities, other current liabilities and contract liabilities

	Group	
	As at 30 June 2020	**As at 30 June 2019**
Other non-current liabilities		
Refund liabilities (sale of equipment with right of return)	423	378
Contract liabilities		
Contract liabilities	1,528	2,322
Other current liabilities		
Bonuses to employees	4,682	4,888
Vacation accrual	3,580	3,644
Payroll related liabilities	3,971	3,397
VAT payable	5,277	2,872
Current portion of grants (Note 17)	543	688
Other liabilities	4,922	3,084
Total other current liabilities	**22,975**	**18,573**

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21.Other non - current liabilities, other current liabilities and contract liabilities (cont'd)

EUR 809 thousand amount, at the beginning of the reporting period accounted as the contract liability balance, was recognized as revenue of the financial year ended on 30 June 2020. Other current liabilities are non-interest bearing and have an average settlement term of three months.

22.Cost of sales

	Group *Financial year ended*	
	30 June 2020	**30 June 2019**
Cost of inventories recognised as an expense*	(530,620)	(628,860)
Logistics expenses	(44,177)	(42,805)
Wages and salaries and social security	(27,177)	(25,952)
Depreciation (Notes 6, 17)	(8,818)	(7,326)
Utilities expenses	(5,487)	(6,666)
Provision of onerous contract	1,009	(1,014)
Change in fair value of biological assets (Note 9)	5,834	1,115
Change in fair value of financial instruments	(347)	493
Other	(2,253)	(2,656)
	(612,036)	**(713,671)**

* Cost of inventories recognised as an expense includes previous season fair value adjustment to sold crops amounting to EUR 1,133 thousand which was expensed during the year ended 30 June 2020 (EUR 356 thousand recognized as an expense for the year ended 30 June 2019).

23.Operating expenses

	Group		***Company***	
	Financial year ended			
	30 June 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Wages, salaries and social security	(22,895)	(22,662)	(1,070)	(1,369)
Expenses of impairment of trade debts, contract assets and other receivables	(344)	(79)	–	–
Consulting expenses	(739)	(801)	(93)	(132)
Depreciation and amortization	(1,850)	(794)	(60)	(10)
Advertisement, marketing	(1,690)	(1,935)	(15)	(3)
Bank fees	(696)	(684)	(4)	–
Currency exchange profit	50	64	–	–
Other	(6,876)	(8,291)	(342)	(112)
	(35,040)	**(35,182)**	**(1,584)**	**(1,626)**

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24. Other income (expenses)

	Group	
	Financial year ended	
	30 June 2020	**30 June 2019**
Other income		
Grants received for agriculture activity	3,312	3,186
Rental income from investment property and property, plant and equipment	496	205
Gain from disposal of investment property and property, plant and equipment	1,024	982
Currency exchange gain	577	35
Change in fair value of financial instruments	251	319
Write-off of liabilities	2	–
Other income	44	185
	5,706	**4,912**
Other (expenses)		
Direct operating expenses arising from rented and not rented investment properties	(309)	(376)
Loss from disposal of property, plant and equipment	(23)	(568)
Loss from acquisition of subsidiaries (Note 3)	(358)	–
Change in fair value of financial instruments	(680)	(722)
Change in impairment of investment property	(3)	–
Other expenses	(130)	(271)
	(1,503)	**(1,937)**

25. Income (expenses) from financing activities

	Group		Company	
	Financial year ended		*Financial year ended*	
	30 June 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Income from financing activities				
Interest income	788	620	551	520
Income from overdue payments	29	15	–	–
	817	**635**	**551**	**520**
(Expenses) from financing activities				
Interest expenses	(3,707)	(3,588)	(182)	(95)
Expenses for overdue payments	(6)	(141)	–	–
	(3,713)	**(3,729)**	**(182)**	**(95)**

26. Income tax

	Group	
	Financial year ended	
	30 June 2020	**30 June 2019**
Current income tax (expense)	(437)	(133)
Income tax correction for prior periods	139	24
Deferred income tax income (expense)*	(1,629)	1,709
Income tax income (expenses) recorded in the statement of comprehensive income	**(1,927)**	**1,600**
Net gain (loss) on revaluation of cash flow hedges	–	(6)
Deferred tax gain (loss) recorded in other comprehensive income	**–**	**(6)**

*Deferred tax income mostly relates to recognition of accumulated tax losses as at 30 June 2020 and as at June 30 2019.

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26. Income tax (cont'd)

	Group	
	Financial year ended	
	As at 30 June 2020	As at 30 June 2019
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	1,335	1,970
Tax loss carry forward (available to carry forward 5 years)	130	51
Accruals	1,067	989
Investment incentive	545	725
Differences in tax base of trade receivables	416	432
Impairment of investment property	71	24
Allowance for inventories	115	264
Fair value of financial instruments	70	33
Fair value of biological assets	175	181
Other	415	531
Total deferred income tax asset	**4,339**	**5,200**
Deferred income tax liability		
Property, plant and equipment and investment property (difference between tax and accounting values)	(681)	(686)
Fair value of biological assets	(826)	(87)
Other	(77)	(43)
Total deferred income tax liability	**(1,584)**	**(816)**
Deferred income tax, net	**2,755**	**4,384**
Accounted for as deferred income tax asset in the statements of financial position	3,608	4,476
Accounted for as deferred income tax liability in the statements of financial position	(853)	(92)

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 2020 and 30 June 2019 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 2020	As at 30 June 2019
Tax loss carry forward*	1,839	4,647
	1,839	**4,647**

*Tax lossess are available to carry forward indefinitely (EUR 1,839 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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26. Income tax (cont'd)

There are no temporary differences associated with investments in associates as at 30 June 2020 and 2019 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 2020	**30 June 2019**
Profit (loss) before tax	11,931	(6,430)
Income tax (income) expenses, applying the statutory rate in Lithuania (15%)	1,790	(965)
Effect of different tax rates in Estonia, Latvia, Denmark, Ukraine (Note 2.21.)	(306)	(84)
Change in deffered tax components due to changes in tax laws in Lithuana	122	(54)
Change in valuation allowance	264	58
Income tax correction for prior periods	(139)	(24)
Temporary differences for which no deferred taxes were recognized	38	(29)
Permanent differences	396	(334)
Tax incentive	(238)	(168)
Total income tax (income) expenses	**1,927**	**(1,600)**

27.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 2020 and 30 June 2019 was as follows:

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

Calculation of weighted average for the year ended 30 June 2019	Number of shares	Par value (EUR)	Issued/365 (days)	Weighted average
Shares issued as at 30 June 2018	158,158,426	0.29	103/365	44,631,008
Disposal of own shares 11 October 2018	4,000	0.29	1/365	433,322
Disposal of own shares 12 October 2018	1,000	0.29	6/365	2,599,947
Disposal of own shares 18 October 2018	2,000	0.29	8/365	3,466,639
Disposal of own shares 26 October 2018	2,000	0.29	247/365	107,033,847
Shares issued as at 30 June 2019	158,167,426			158,164,763

Calculation of the basic earnings per share is presented below:

	Financial year ended	
	30 June 2020	**30 June 2019**
Net profit (loss), attributable to the shareholders of the parent (in EUR thousand)	10,004	(4,830)
Weighted average number of ordinary shares outstanding for the year	158,164,763	158,164,763
Basic earnings per share (in EUR)	0.06	(0.03)

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 2020 the Group/ Company has accounted for the proportion of the related expenses with the second vesting period amounting to EUR 459 thousand in these financial statements (incl. EUR 80 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 2019 – EUR 960 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.

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27.Basic and diluted earnings per share (cont'd)

As at 30 June 2020 the Group/ Company has accounted for the proportion of the related expenses with the first vesting period amounting to EUR 185 thousand in these financial statements (incl. EUR 39 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).

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 2018	4,610,180	0
Granted during the year	–	–
Forfeited during the year	(496,460)	0
Exercised during the year	–	–
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

None of shares options is yet exercisable as at 30 June 2020 and 2019.
As at 30 June 2020 the weighted average fair value of options granted was €0.63, as at 30 June 2019 the weighted average fair value of options granted was €0.67.

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.

27. Basic and diluted earnings per share (cont'd)

The weighted average number of ordinary and potential diluted shares for the year ended 30 June 2020 was as follows:

Calculation of weighted average for the year ended 30 June 2020	Number of shares	Par value (EUR)	Issued/365 (days)	Weighted average
Shares and potential shares issued as at 30 June 2019	162,281,146	0.29	89/366	39,569,923
Forfeited share option as at 27 September 2019	(212,780)	0.29	59/366	26,197,352
Disposal of own shares 25 November 2019	2,000	0.29	95/366	42,182,698
Forfeited share option as at 28 February 2020	(851,080)	0.29	123/366	763,485
Granted share option as at 28 February 2020	2,265,625	0.29	123/366	54,328,691
Shares and potential shares issued as at 30 June 2020	163,484,911			163,042,149

Calculation of the diluted earnings per share is presented below:

	Financial year ended	
	30 June 2020	**30 June 2019**
Net profit (loss), attributable to the shareholders of the parent (in EUR thousand)	10,004	(4,830)
Weighted average number of ordinary plus potential ordinary shares outstanding for the year	163,042,149	162,767,246
Diluted earnings per share (in EUR)	0.06	(0.03)

28. 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 2020 part of AB Linas Agro trade receivables were insured with the insurance limit equal to equivalent of EUR 11,448 thousand (EUR 14,703 thousand as at 30 June 2019).

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 12 and 13).

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 Group uses interest rate swap to hedge interest rate fluctuation risk for loans with variable interest rate as disclosed in Note 14.

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 2020**	**Increase / decrease of basis points**	**30 June 2019**
EUR	+150	(1,853)	+150	(2,169)
EUR	-30	371	-30	434

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28.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 2020 were 1.31 and 0.74 respectively (as at 30 June 2019 1.26 and 0.71, 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	4	3,079	9,635	7,660	11,292	3,043	34,713
Lease liabilities	–	292	650	905	1,520	146	3,513
Current borrowings	84,637	26,939	2,423	–	–	–	113,999
Derivative financial instruments	–	632	–	–	–	–	632
Current trade payables	3,854	31,100	7,303	–	–	–	42,257
Other liabilities	45	1,229	212	–	–	–	1,486
Balance as at 30 June 2019	**88,540**	**63,271**	**20,223**	**8,565**	**12,812**	**3,189**	**196,600**
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**

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	–	8	25	1,226	–	–	1,259
Current borrowings from related parties	–	1,451	202	–	–	–	1,653
Current trade payables	–	11	–	–	–	–	11
Payables to related parties	–	–	–	–	–	–	–
Other liabilities	–	50	–	–	–	–	50
Balance as at 30 June 2019	**–**	**1,520**	**227**	**1,226**	**–**	**–**	**2,973**
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**

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 2020 were 0.93 and 0.93 respectively (as at 30 June 2019 0.69 and 0.69, respectively).
The Company for the financial year 2019/20 gain EUR 1,230 thousand profit, EBITDA – EUR 1,290 thousand (for the financial year 2018/19 EUR 4,760 thousand and EUR 4,790 thousand, respectively). For the next financial year the Company's management expect to generate sufficient cash flow and ensure timely settlement of current liabilities.

28.Financial assets and liabilities and risk management (cont'd)

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 2020 and 2019 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.

Monetary assets and liabilities stated in various currencies as at 30 June 2020 and 30 June 2019 were as follows (EUR equivalent):

Group	**As at 30 June 2020**		**As at 30 June 2019**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
EUR	128,103	211,607	134,860	208,123
USD	2,933	5,140	1,108	3,776
DKK	–	5	42	1
PLN	1,013	59	966	86
Other	88	17	67	26
	132,137	**216,828**	**137,043**	**212,012**

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 2020	**30 June 2019**
USD	+ 15.00%	(331)	(400)
USD	- 15.00%	311	400
PLN	+ 15.00%	143	132
PLN	- 15.00%	(143)	(132)

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

	1 July 2019	**Cash flows from (to) financing activities**	**New leases**	**Other movements**	**30 June 2020**
Loans	146,742	(22,613)	–	422	124,551
Grants	6,809	30	–	(551)	6,288
Interests (paid)	–	(3,148)	–	3,148	–
Dividends	–	(8)	–	8	–
Lease liabilities	3,330	(5,807)	8,285	18,662	24,470
	156,881	**(31,546)**	**8,285**	**21,689**	**155,309**

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28.Financial assets and liabilities and risk management (cont'd)

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 14.

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 181,202 thousand as at 30 June 2020 (EUR 170,070 thousand as at 30 June 2019).

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 2020 and 30 June 2019.

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 doesn't comply with this requirement. 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. The Group's subsidiaries registered in Latvia comply with this requirement, except for SIA Dotnuva Baltic as at 30 June 2019. The Group's management does not expect any negative consequences to the Group and is planning to take actions to mitigate these non-compliances.

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 2020	**As at 30 June 2019**	**As at 30 June 2020**	**As at 30 June 2019**
Total equity	181,202	170,070	114,276	112,521
Total assets	405,421	391,398	125,044	116,015
Total equity / Total assets	45%	43%	91%	97%
Leverage ratio	55%	57%	9%	3%

29.Commitments and contingencies

As at 30 June 2020 the Group is committed to purchase property, plant and equipment for the total amount of EUR 1, 341 thousand (EUR 1,941 thousand as at 30 June 2019).

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 2020 and 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 2020, AS Putnu fabrika Kekava – up to 2020, 2022 and 2023.

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 2,858 thousand as at 30 June 2020 (EUR 2,504 thousand as at 30 June 2019). Group has no plans to discontinue above mentioned operations.

As at 30 June 2020 the balance of guarantees and warranties issued by the Company to the banks for the controlled companies (directly and indirectly controlled subsidiaries) amounted to EUR 57,745 thousand (EUR 16,762 thousand as at 30 June 2019).

The Company's guarantees are issued for the loans granted to Group's companies. The Company is obliged to repay the companies' liabilities to banks in full, if the subsidiaries are not able to do it themselves. The management of the Group believes that the subsidiaries on behalf of which guarantees and warranties were issued will meet their liabilities to the creditors, therefore, no provisions in respect of these guarantees were accounted for in the financial statements as at 30 June 2020 and 30 June 2019.

As of 30 June 2020 the Group, in addition that was accounted for under refund liabilities (sale of equipment with right of return) caption (Note 21), has a commitments in amount of EUR 1,704 thousand to purchase agriculture equipment from leasing providers in case the customers will not use option to repurchase equipment at the end of lease period (30 June 2019 – EUR 1,562 thousand restated).

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.

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 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.

30.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;
Darius Jaloveckas till 3 September 2019;
Jonas Bakšys.

Subsidiaries: List provided in Note 3.

UAB Darius Zubas Holding from 27 November 2019 (controlling shareholder);

Akola ApS group companies:

Akola ApS (Denmark) (same ultimate controlling shareholder);

UAB MESTILLA (same ultimate controlling shareholder).

UAB 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).

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30.Related parties transactions (cont'd)

The Group's transactions with related parties in 12 month period ended 30 June 2020 and 30 June 2019 were as follows:

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**	**–**

2019	**Purchases**	**Sales**	**Trade receivables**	**Non-current loans receivable**	**Contract liability**	**Current payables**
Akola ApS group companies	1,000	19,544	2	–	1,345	242
Members of the board	–	–	–	–	–	–
	1,000	**19,544**	**2**	**–**	**1,345**	**242**

The Company's transactions with related parties in the years ended 30 June 2020 and 30 June 2019 were as follows:

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**

2019	**Purchases**	**Income**	**Non-current loans receivable**	**Current loans receivable**	**Other accounts receivables**	**Non-current loans received**	**Current loans received**
Akola ApS group companies	–	–	–	–	–	–	–
Subsidiaries	111	6,333	10,407	640	50	1,206	1,646
	111	**6,333**	**10,407**	**640**	**50**	**1,206**	**1,646**

30.Related parties transactions (cont'd)

As at 30 June 2020 interest rates of the Company for current loans receivable from related parties are 1.8%, non-current loans receivables from related parties are from 1.75%, 4% and 3 month EURIBOR + 2.45 % margin (the same as at 30 June 2019).

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 and 3.5 %, 4%. As at 30 June 2019 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 2.61 % 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 2020 and 30 June 2019.

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 4,161 thousand (including EUR 156 thousand of bonuses to the board of directors of subsidiaries companies) for the year ended 30 June 2020 (EUR 3,517 thousand (including EUR 123thousand bonuses to the board of directors of subsidiaries companies) for the year ended 30 June 2019 (restated)). For the year ended 30 June 2019 the Group's management received EUR 396 thousand dividends from the Company. For the year ended 30 June 2020 the Group's management has received EUR 8 thousand of rent payments (EUR 3 thousand of rent payments for the year ended 30 June 2019 (restated)).

The Company's management consists of the board of directors and a managing director. The Company's management remuneration amounted to EUR 1,137 thousand for the year ended 30 June 2020 (EUR 352 thousand for the year ended 30 June 2019).

30.Related parties transactions (cont'd)

The Company has started to accrue the expenses for share options agreements as described in Note 27 to EUR 458 thousand (including for directors of the companies in the Group - 491 for the year ended 30 June 2020) (EUR 960 thousand (including EUR 204 thousand to the board of directors of AB Linas Agro Group and for directors of the companies in the Group - EUR 354 thousand) for the year ended 30 June 2019).

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 2020 and 30 June 2019.

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31.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 2020	30 June 2019
AS Putnu fabrika Kekava	Latvia	2.84%	2.89%
Karčemos Kooperatinė Bendrovė	Lithuania	16.00%	76.00%
Kėdainiai district ŽŪB Nemunas	Lithuania	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:

Financial year ended	AS Putnu fabrika Kekava 30 June 2020	Karčemos Kooperatinė Bendrovė 30 June 2020	Kėdainiai district ŽŪB Nemunas 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	–	–	–

Financial year ended	AS Putnu fabrika Kekava 30 June 2019	Karčemos Kooperatinė Bendrovė 30 June 2019	Kėdainiai district ŽŪB Nemunas 30 June 2019
Revenue	75,932	594	–
Net profit (loss)	1,759	62	–
Total comprehensive income	**1,759**	**62**	**–**
Attributable to non-controlling interests	48	47	–
Dividends paid to non-controlling interests	–	–	–

(all amounts are in thousand euros unless otherwise stated) 80

31.Material partly-owned subsidiaries (cont'd)

Summarised statement of financial position:

Financial year ended	**AS Putnu fabrika Kekava**	**Karčemos Kooperatinė Bendrovė**	**Kėdainiai district ŽŪB Nemunas**
	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

Financial year ended	**AS Putnu fabrika Kekava**	**Karčemos Kooperatinė Bendrovė**	**Kėdainiai district ŽŪB Nemunas**
	30 June 2019	**30 June 2019**	**30 June 2019**
Current assets	10,620	396	–
Non-current assets	37,887	2,832	–
Current liabilities	20,083	329	–
Non-current liabilities	6,098	1,725	–
Total equity	**22,326**	**1,174**	**–**
Attributable to Non-controlling interests	645	893	–

Summarised cash flow statement:

Financial year ended	**AS Putnu fabrika Kekava**	**Karčemos Kooperatinė Bendrovė**	**Kėdainiai district ŽŪB Nemunas**
	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)**

Financial year ended	**AS Putnu fabrika Kekava**	**Karčemos Kooperatinė Bendrovė**	**Kėdainiai district ŽŪB Nemunas**
	30 June 2019	**30 June 2019**	**30 June 2019**
Operating activities	3,339	228	–
Investing activities	(3,187)	11	–
Financing activities	(1,515)	(249)	–
Net increase/(decrease) in cash and cash equivalents	**(1,363)**	**(10)**	**–**

32. Subsequent events

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.
On 30 July 2020 the AB Linas Agro prolonged the guarantee agreement with AS SEB Banka regarding subsidiary SIA Linas Agro credit line agreement till 31 August 2021. The total SIA Linas Agro credit limit is EUR 37 million.

During July - August 2020 a subsidiary of AB Linas Agro Group UAB Dotnuva Baltic acquired 100% shares of UAB GeoFace for EUR 188 thousand from previous owners. The fair values of the net assets acquired have not yet been assessed by the Group and the financial statements is presented below:

Acquisition date for consolidation purposes	**UAB GeoFace EUR'000** **31 July 2020**
Carrying values	(unaudited)
Non-current assets	126
Current assets	–
Current liabilities	(43)
Net assets	83
Cash in subsidiary	–
Revenue for the period 01 July 2019 – 30 June 2020	–
Profit (loss) for the period 01 July 2019 – 30 June 2020	(63)

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.

32.Subsequent events (cont'd)

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.

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 has 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. The transaction will require the permission of the Competition Council.
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.

Consolidated Annual Report of AB Linas Agro Group for the Financial Year 2019/20

Ended 30 June, 2020

Letter to the shareholders

Dear Shareholders,

The past financial year was completely different than usual. In the last quarter of the year, we faced both the threat of pandemic caused by coronavirus and the restrictive border closure and lockdown. Difficult times are probably the best teacher. During the pandemic and lockdown, we discovered both our weaknesses and our strengths. We realize which areas we need to strengthen, and which strong qualities we can make better use of.

The financial year 2019/2020 was significantly different from the financially unsuccessful financial year 2018/2019 and proved that we can and know how to change the business model and adapt it to the changing market conditions. We are back on the path to sustainable and balanced growth. Although our sales revenue decreased by 11%, we achieved high gross profit and EBITDA. The return on capital used in the Company's operations has reached 4.2%, thus we are already halfway towards the goal set for the Group.

Next year, we will put efforts to further improve these indicators and we are already looking for new ways and niches to grow our business. Therefore, we invest in activities and acquire companies that will create greater value for our customers, partners and consumers of our products. Higher value-added services or products - such as those offered by acquired UAB Geoface or next intended acquisition, KG Group - will make our operations more profitable and sustainable. We continue to strengthen agricultural business: after the acquisition of the agricultural company Kėdainiai District ŽŪB Nemunas, the area of our arable land increased by 3%, and synergies with other agricultural companies emerged.

Our traded volumes and revenue decreased during the ended financial year, but the reduction in business volumes resulted in a better financial result as we focused on higher-profit transactions. Our goal of increasing operational efficiency and achieving greater profitability in the grain and feedstuff trade has gained a lot of speed this year, and we must maintain it in the future.

After several years of poor harvests, farmers' income has finally increased, as has our sales of products and services provided to them. The start of the lockdown coincided with the start of the spring trading season, making it much more difficult to work and trade, but the effort paid off: our goods and services sales to farmers went up 5% and operating profit was 26% higher. We started a new activity: Dotnuva Baltic and Ekodrena started jointly developing a regulated drainage business in all three Baltic countries.

Last year, our agricultural companies enjoyed higher yields and better operating results: their operating profit grew by as much as 97%. And this fall is even more successful because the harvest is particularly good.

Our dairy business, as every year, is one of the most efficient in Lithuania. In 2019, the agricultural company Šakiai District Lukšių ŽŪB was ranked the most efficient milk producer in Lithuania among the companies and the sixth in terms of milk production volumes. Agricultural company Sidabravo ŽŪB maintained the third place among the most efficient milk producers.

The poultry companies have demonstrated their particular flexibility: with the closure of the HORECA sector and borders around the world during lockdowns, they have been able to trade the same quantities of poultry as a year before. Poultry companies have flexibly changed their portfolio and produced more higher value-added products. However, as the world price for poultry went down, their revenue diminished by 3% and operating profit went down 10%.

Our net profit is the highest in six years. The Company's management wish profits and the value of the Company shares to further grow. Therefore, our strategic goal is to invest in activities that will create greater value for our customers, partners and consumers of our products. Higher value-added products and services should ensure better profitability in the future.

Respectfully,

Managing Director Darius Zubas

Our vision -

leadership in the Baltic agribusiness sector.

Our mission:

To create value for clients along the chain of production, processing, and trading of agricultural and food produce;

To seek constant growth of the company's value while ensuring maximum return on investments for shareholders and investors;

To seek opportunities for professional development for employees in the organisation maintaining a high level of internal culture.

Content

1. Reporting period of the Interim 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 2019/20 financial year, and all the figures are stated as at 30 June 2020 unless it is indicated otherwise

2. 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). Expenses in the Group for the non-audit services, provided according to separate agreements, for period 1st July 2019 till 30th June 2020 was 4,400 EUR excluding VAT.

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.

3. Contact Person

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

4. 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.

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', 'Agricultural 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.

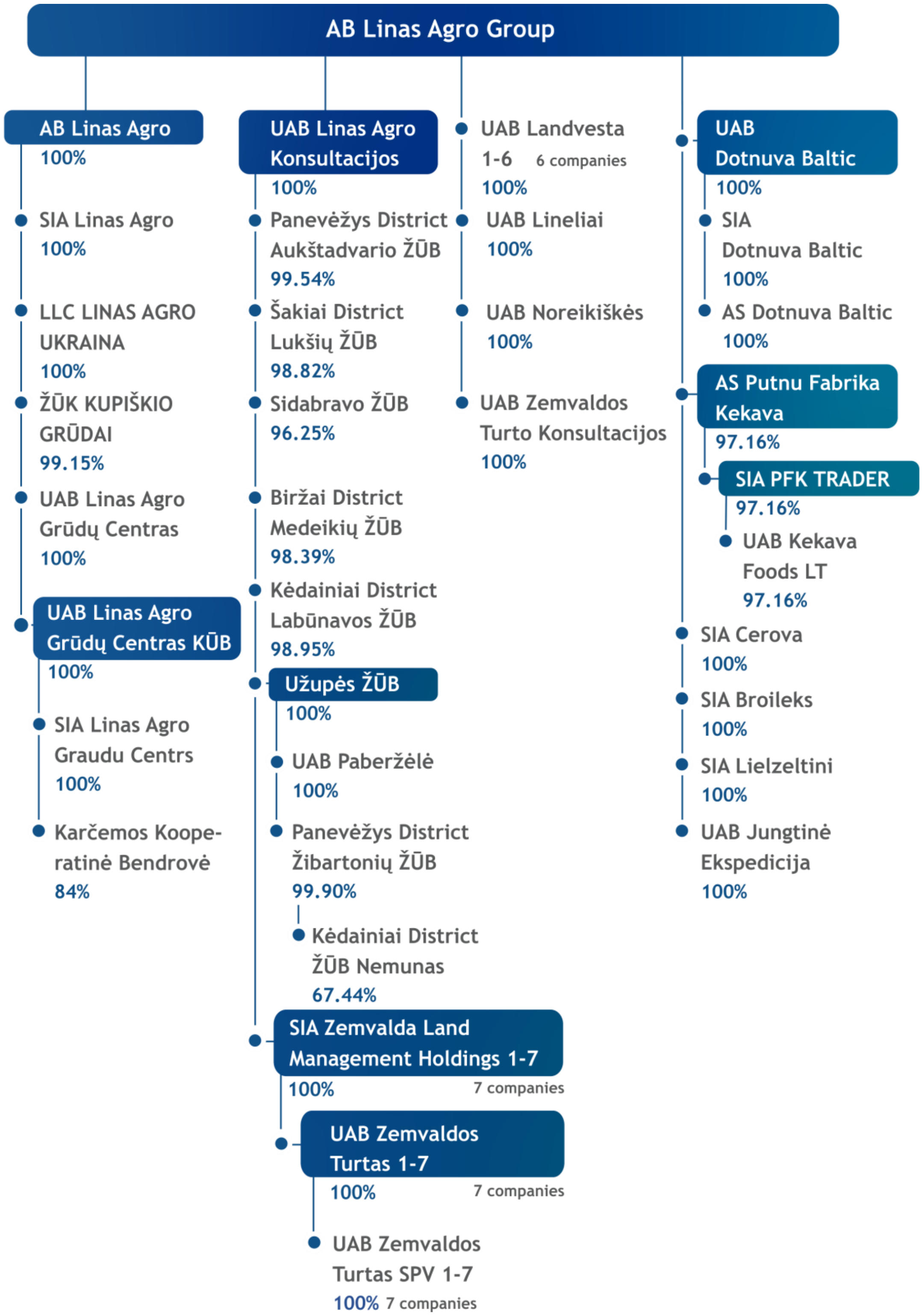
The Group is the leading exporter of grains and has own network of grain storage facilities. Also is one of the leaders in supplies of agricultural inputs (such as certified seeds, fertilizers and agricultural machinery) in Lithuania, has seed processing plant. The Group is a major milk producer in Lithuania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

4.2. Information about subsidiaries of the Company

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

The Company controlled 61 companies* in Lithuania, Latvia, Estonia and Ukraine as at 30 June 2020.

**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), Linas Agro A/S (under liquidation, 100% shares).*



4.2.2. Shareholding structure of the companies

As at 30 June 2020, AB Linas Agro Group controlled, either directly or indirectly, the following companies*:

**Dormant companies and the companies under liquidation are not included: UAB Gerera (100% shares owned by AB Linas Agro), UAB Dotnuvos Technika (100% shares owned by UAB Dotnuva Baltic), Linas Agro A/S (100% shares owned by AB Linas Agro).*

*** AB Linas Agro Group and UAB Linas Agro Grūdų Centras hold 50% of votes each in UAB Linas Agro Grūdų Centras KŪB.*

Company	Status	Stock, owned directly by AB Linas Agro Group	Other stock holders	Share of the stock held by the Group
AB Linas Agro	Subsidiary	100%		100%
UAB Dotnuva Baltic	Subsidiary	100%		100%
UAB Jungtinė Ekspedicija	Subsidiary	10 %		100%
SIA Lielzeltini	Subsidiary	100%		100%
SIA Cerova	Subsidiary	100%		100%
SIA Broileks	Subsidiary	100%		100%
UAB Lineliai	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 Linas Agro Konsultacijos	Subsidiary	76 %	UAB Zemvaldos Turto Konsultacijos owns 24% 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 centras KŪB **	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%
UAB Landvesta 3	Subsidiary	13.91%	AB Linas Agro owns 86.09 % stock.	100%

Company	Status	Stock, owned directly by AB Linas Agro Group	Other stock holders	Share of the stock held by the Group
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 Centras KŪB 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 Kekava Foods LT	Subsidiary		SIA PFK Trader owns 100% stock.	97.16%
UAB Paberžėlė	Subsidiary		Užupės ŽŪB owns 100% stock.	100%

Company	Status	Stock, owned directly by AB Linas Agro Group	Other stock holders	Share of the stock held by the Group
ŽŪK KUPIŠKIO GRŪDAI	Subsidiary		Šakiai District Lukšių ŽŪB, Aukštadvario ŽŪB and Sidabravo ŽŪB each own 6.29% stock, Biržai District Medeikių ŽŪB – 31.45% stock, AB Linas Agro – 49.69% stock.	99.15%
Karčemos Kooperatinė Bendrovė	Subsidiary		UAB Linas Agro Grūdų centras KŪB owns 80% stock, Panevėžys District Žibartonių ŽŪB – 4% stock.	84%
UAB Zemvaldos Turto Konsultacijos	Subsidiary		UAB Landvesta 1 owns 34.43% stock, UAB Landvesta 2 – 10.32%, UAB Landvesta 3 – 11.34%, UAB Landvesta 4 – 6,12%, UAB Landvesta 5 – 5.88%, UAB Landvesta 6– 5.56%, UAB Lineliai – 16.94%, UAB Noreikiškės – 9.41%.	100%
SIA Zemvalda Land Management Holdings 1	Subsidiary		UAB Linas Agro Konsultacijos owns 100% stock.	100%
SIA Zemvalda Land Management Holdings 2	Subsidiary		UAB Linas Agro Konsultacijos owns 100% stock.	100%
SIA Zemvalda Land Management Holdings 3	Subsidiary		UAB Linas Agro Konsultacijos owns 100% stock.	100%
SIA Zemvalda Land Management Holdings 4	Subsidiary		UAB Linas Agro Konsultacijos owns 100% stock.	100%
SIA Zemvalda Land Management Holdings 5	Subsidiary		UAB Linas Agro Konsultacijos owns 100% stock.	100%
SIA Zemvalda Land Management Holdings 6	Subsidiary		UAB Linas Agro Konsultacijos owns 100% stock.	100%
SIA Zemvalda Land Management Holdings 7	Subsidiary		UAB Linas Agro Konsultacijos owns 100% stock.	100%
UAB Zemvaldos Turtas 1	Subsidiary		SIA Zemvalda Land Management Holdings 1 owns 100% stock.	100%
UAB Zemvaldos Turtas 2	Subsidiary		SIA Zemvalda Land Management Holdings 2 owns 100% stock.	100%
UAB Zemvaldos Turtas 3	Subsidiary		SIA Zemvalda Land Management Holdings 3 owns 100% stock.	100%

Company	Status	Stock, owned directly by AB Linas Agro Group	Other stock holders	Share of the stock held by the Group
UAB Zemvaldos Turtas 4	Subsidiary		SIA Zemvalda Land Management Holdings 4 owns 100% stock.	100%
UAB Zemvaldos Turtas 5	Subsidiary		SIA Zemvalda Land Management Holdings 5 owns 100% stock.	100%
UAB Zemvaldos Turtas 6	Subsidiary		SIA Zemvalda Land Management Holdings 6 owns 100% stock.	100%
UAB Zemvaldos Turtas 7	Subsidiary		SIA Zemvalda Land Management Holdings 7 owns 100% stock.	100%
UAB Zemvaldos Turtas SPV 1	Subsidiary		UAB Zemvaldos Turtas 1 owns 100% stock.	100%
UAB Zemvaldos Turtas SPV 2	Subsidiary		UAB Zemvaldos Turtas 2 owns 100% stock.	100%
UAB Zemvaldos Turtas SPV 3	Subsidiary		UAB Zemvaldos Turtas 3 owns 100% stock.	100%
UAB Zemvaldos Turtas SPV 4	Subsidiary		UAB Zemvaldos Turtas 4 owns 100% stock.	100%
UAB Zemvaldos Turtas SPV 5	Subsidiary		UAB Zemvaldos Turtas 5 owns 100% stock.	100%
UAB Zemvaldos Turtas SPV 6	Subsidiary		UAB Zemvaldos Turtas 6 owns 100% stock.	100%
UAB Zemvaldos Turtas SPV 7	Subsidiary		UAB Zemvaldos Turtas 7 owns 100% stock.	100%

4.2.3. 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.*

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 and 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, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 333 Fax +370 45 507 444 E-mail *info@linasagro.lt* *www.linasagro.lt , www.rapsai.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 Centras KŪB	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*
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, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 365 Fax +370 45 507 344 E-mail *grudai@linasagro.lt*
ŽŪK 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. 6D, LT-40122 Kupiškis, Lithuania Ph./Fax +370 459 529 16 E-mail *info@kupiskiogrudai.lt*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
Karčemos Kooperatinė 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. 14, LT-57125 Kėdainiai, Lithuania Ph. +370 688 674 29 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*
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*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
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 Kekava Foods LT	Retail in specialized stores	8/3/2018, Code of legal entity 304784428, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	Subačiaus St. 5, 01302 Vilnius, Lithuania Ph. +370 612 03 958 E-mail *kekava.foods@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 F 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*

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
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*
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, LT-35143 Panevėžys, Lithuania Ph. +370 45 507 406 Fax +370 45 507 404 E-mail *lineliai@linasagro.lt*
UAB Zemvaldos Turto Konsultacijos	Rent and management of agricultural purposes land	3/6/2020, Code of legal entity 305564449, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail *t.dailidenas@landvesta.lt*
UAB Zemvaldos Turtas 1	Rent and management of agricultural purposes land	27/5/2020, Code of legal entity 305558720 private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas 2	Rent and management of agricultural purposes land	27/5/2020, Code of legal entity 305559441, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas 3	Rent and management of agricultural purposes land	27/5/2020, Code of legal entity 305559968, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
UAB Zemvaldos Turtas 4	Rent and management of agricultural purposes land	21/5/2020, Code of legal entity 305555158, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas 5	Rent and management of agricultural purposes land	21/5/2020, Code of legal entity 305556648, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas 6	Rent and management of agricultural purposes land	21/5/2020, Code of legal entity 305556331, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas 7	Rent and management of agricultural purposes land	25/5/2020, Code of legal entity 305557636, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas SPV 1	Rent and management of agricultural purposes land	29/5/2020, Code of legal entity 305561766, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas SPV 2	Rent and management of agricultural purposes land	29/5/2020, Code of legal entity 305561218, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas SPV 3	Rent and management of agricultural purposes land	29/5/2020, Code of legal entity 305560760, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas SPV 4	Rent and management of agricultural purposes land	26/5/2020, Code of legal entity 305558033, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas SPV 5	Rent and management of agricultural purposes land	26/5/2020, Code of legal entity 305558019, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt

Company name	Principal activities	Registration date, code of legal entity, legal form, company register	Contact data
UAB Zemvaldos Turtas SPV 6	Rent and management of agricultural purposes land	26/5/2020, Code of legal entity 305558026, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
UAB Zemvaldos Turtas SPV 7	Rent and management of agricultural purposes land	27/5/2020, Code of legal entity 305559975, private limited liability company, Register of Enterprises of Republic of Lithuania, VĮ Registrų centras	V. Nagevičiaus g. 3, LT-08237 Vilnius, Lithuania Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt

Subsidiaries operating in foreign countries

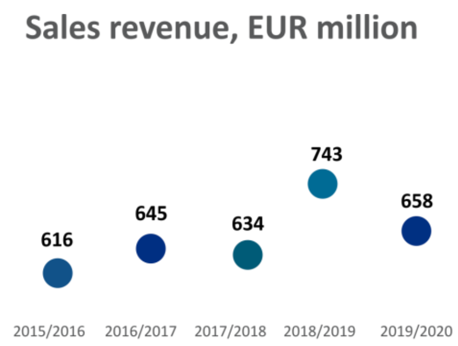
Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
SIA Linas Agro	Wholesale trade of grains and oilseeds, agricultural inputs supply	23/4/2003, Code of legal entity 53603019011, Register of Enterprises of the Republic of Latvia	'Baltijas Ceļš', Cenu District, Ozolnieki municipality, LV-3043, Latvia Ph. +371 630 840 24 Fax +371 630 842 24 E-mail *info@linasagro.lv* *www.rapsim.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	Legal address: 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', Cenu District, Ozolnieki municipality, LV-3043, Latvia Ph. +371 679 131 61 Fax +371 677 602 52 E-mail *info@dotnuvabaltic.lv* *www.dotnuvabaltic.lv*

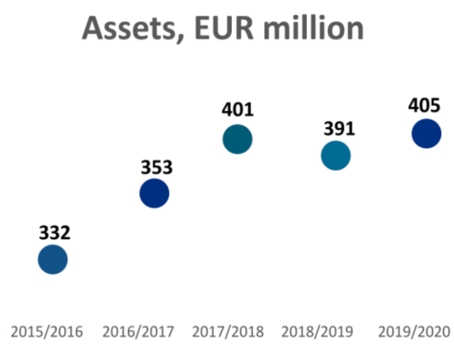
Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
AS Dotnuva Baltic	Sale of agricultural machinery and equipment for grain elevators	11/11/2010, Code of legal entity 12019737, Estonian Central Register of Securities (Eesti Väärtpaberikeskus AS)	Savimäe 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*
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*
SIA Zemvalda Land Management Holdings 1	Rent and management of agricultural purposes land	11/6/2020, Code of legal entity 40203248677, Register of Enterprises of the Republic of Latvia	Audeju 15-4, LV-1050 Riga, Latvia Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
SIA Zemvalda Land Management Holdings 2	Rent and management of agricultural purposes land	11/6/2020, Code of legal entity 40203248681, Register of Enterprises of the Republic of Latvia	Audeju 15-4, LV-1050 Riga, Latvia Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
SIA Zemvalda Land Management Holdings 3	Rent and management of agricultural purposes land	11/6/2020, Code of legal entity 40203248709, Register of Enterprises of the Republic of Latvia	Audeju 15-4, LV-1050 Riga, Latvia Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt

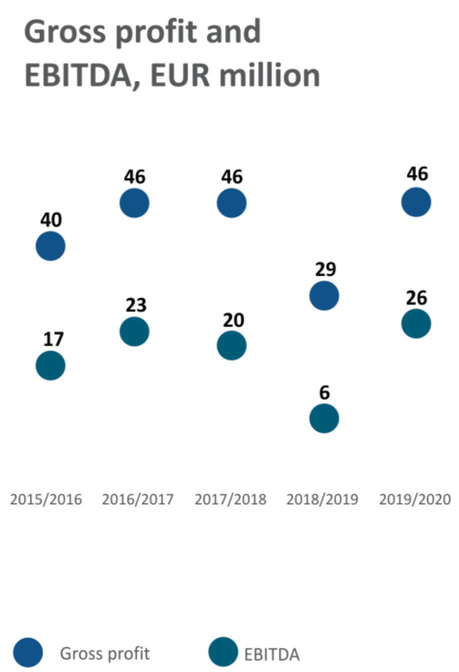
Company name	Principal activities	Registration date, code of legal entity, company register	Contact data
SIA Zemvalda Land Management Holdings 4	Rent and management of agricultural purposes land	11/6/2020, Code of legal entity 40203248713, Register of Enterprises of the Republic of Latvia	Audeju 15-4, LV-1050 Riga, Latvia Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
SIA Zemvalda Land Management Holdings 5	Rent and management of agricultural purposes land	15/6/2020, Code of legal entity 40203249013, Register of Enterprises of the Republic of Latvia	Audeju 15-4, LV-1050 Riga, Latvia Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
SIA Zemvalda Land Management Holdings 6	Rent and management of agricultural purposes land	11/6/2020, Code of legal entity 40203248696, Register of Enterprises of the Republic of Latvia	Audeju 15-4, LV-1050 Riga, Latvia Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt
SIA Zemvalda Land Management Holdings 7	Rent and management of agricultural purposes land	15/6/2020, Code of legal entity 40203248997, Register of Enterprises of the Republic of Latvia	Audeju 15-4, LV-1050 Riga, Latvia Ph. +370 686 80 867 E-mail t.dailidenas@landvesta.lt

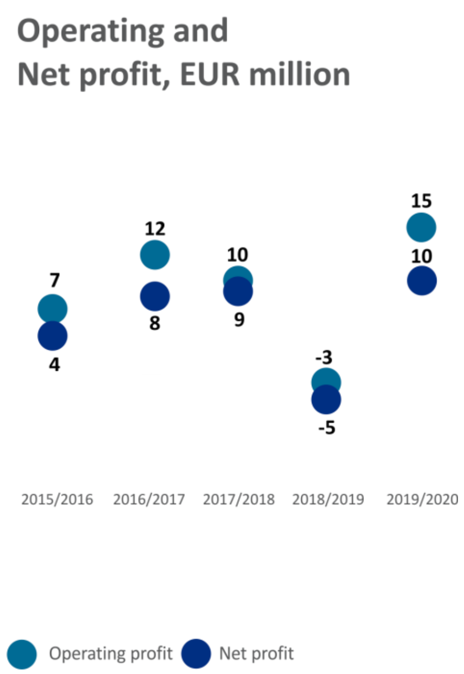
5. Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in 2019/20 financial year totaled EUR 658 million and was 11% less as compared to previous year (EUR 743 million).
- The Group's sales volume in tons reached 2.23 million of various grains and agricultural inputs and was 12% less as compared to previous year (2.53 million tons).
- The gross profit was EUR 45.8 million and was 58% higher than a year before (EUR 28.9 million).
- Consolidated EBITDA was EUR 25.9 million or almost five times higher as compared to the previous year (EUR 5.6 million).
- The Group's operating profit was EUR 14.8 million as compared to EUR 3.3 million loss gained in the respective period of the previous year.
- Profit before taxes amounted to EUR 11.9 million (compared to EUR 6.4 million loss in previous year). The net profit attributable to the Group stood at EUR 9.8 million (EUR 4.9 million loss in previous year).









5.1. Financial Indicators

	2016/17	2017/18	2018/19	2019/20	Change 2019/20 compared to 2018/19 (thousand EUR)	Change 2019/20 compared to 2018/19 (%)
Sales revenue (thousand EUR)	644,952	634,243	742,542	657,700	88,082	-11.4
Sales in tons	2,364,713	2,206,745	2,529,711	2,233,808	-295,903	-11.7
Gross profit (thousand EUR)	46,276	45,848	28,871	45,664	16,793	58.2
EBITDA (thousand EUR)	22,716	20,300	5,578	25,923	20,345	365
Operating profit (thousand EUR)	12,054	9,597	(3,336)	14,827	18,163	-
Earnings before taxes EBT (thousand EUR)	10,045	7,523	(6,430)	11,931	18,361	-
Net profit (thousand EUR)	8,408	9,463	(4,830)	10,004	14,834	-
Margins, %						
Gross profit margin	7. 18	7.23	3.89	6.94	3.05	78
EBITDA margin	3.52	3.02	0.75	3.94	3.19	425
Operating profit margin	1.87	1.51	(0.45)	2.25	2.70	-
Earnings before taxes margin	1.56	1.19	(0.86)	1.81	2.67	-
Net profit margin	1.30	1.49	(0.65)	1.52	2.17	-
Solvency ratios						
Current ratio	1.43	1.38	1.26	1.31	0.05	4.1
Debt / Equity ratio	1.09	1.26	1.30	1.24	-0.06	-4.9
Net financial debt / EBITDA	4.40	7.02	25.54	5.38	-20.16	-79
Return on equity (ROE), %	4.98	5.34	(2.84)	5.52	8.36	-
Return on capital employed (ROCE), %	4.33	2.90	(1.04)	4.77	5.81	-
Return on assets (ROA), %	2.38	2.36	(1.23)	2.47	3.70	-
Basic and diluted earnings per share (EPS)	0.05	0.06	(0.03)	0.06	0.09	-
Price earnings ratio (P/E)	12.88	12.34	(20.83)	9.83	30.66	-
Dividends for the financial year paid per share, in euros	0.0076	0.0185	-	-	-	-

Explanation of terms used in Table 5.1

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.
Profit margin of the period	Profit of the period expressed as a percentage of total revenue.
Earnings before taxes (EBT)	Equals profit before income tax.
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.
Return on assets (ROA), %	Net profit for the period expressed as a percentage of total assets for the period.
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

Due to COVID-19 and the lockdown in many countries, Group companies faced various operational obstacles, but the results of the second half of the financial year were not significantly affected by the pandemic. None of the companies had to be closed, every company operated with individual employee protection measures and in compliance with new work safety procedures and customer service regulations. Large proportion of office workers and salespersons worked remotely, while agricultural machinery servicemen worked avoiding contact with customers. The introduction of new procedures and acquisition of protective measures required additional material resources.

Sales volume of AB Linas Agro Group went down by 12% to 2.23 million tons during the reporting period. The Group's consolidated revenue decreased by 11% to EUR 658 million. Revenue of the Group's business Segment 'Grain and Feedstuff Handling and Merchandising' decreased by 18% to EUR 419 million. Sales in business Segment 'Products and Services for Farming' went up by 5% to EUR 156 million. Revenue from business Segment ‘Food products’ contracted by 4% to EUR 74 million. The revenue of Group owned farms was 8% higher and amounted to EUR 28 million.

Group profitability rebounded compared to last year. Operating profit amounted to EUR 14.8 million as compared to the corresponding loss of EUR 3.3 million. EBITDA was EUR 25.9 million as compared to EUR 5.6 million in previous year. Net profit amounted to EUR 10 million as compared to EUR 4.8 million loss in 2019/20 financial year.

During the reporting period, subsidiary of AB Linas Agro Group agricultural company Panevėžys District Žibartonių ŽŪB acquired 67.51% stock of agricultural company Kėdainiai District ŽŪB Nemunas. The company cultivates land area of 1,051 ha, and is a milk and crop producer. In 2019, the company's revenue exceeded 1 million euros, the assets were valued at EUR 1.89 million. The current objectives of the Group are to increase the efficiency of the acquired company.

At the end of the financial year, Group made some changes in the organizational structure and formed a sub-group of companies from newly established and acquired land management companies. The sub-group consists of 21 companies. The goal of the sub-group is to consolidate a part of various arable land plots owned by the subsidiaries of AB Linas Agro Group, thus increasing flexibility of its landholdings.

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 nearly EUR 9.5 million in cash and cash equivalents (EUR 7.6 million in FY 2018/19), its current solvency ratio was 1.31. The debt and equity ratio (total liabilities / total equity) was 1.24 (1.30 last year).

The Group’s net debt and the consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) ratio decreased from 25.5 to 5.4.

The Group’s financial loans portfolio (not taking into account leasing and financial leasing obligations) amounted to EUR 125 million as compared to EUR 147 million a year ago and decreased by 15%. The Group’s short-term debt share accounted for 74%, their major part was allocated for the working capital. Borrowings slightly decreased mainly due to drop in stock’s and accounts receivable or by EUR 10.3 million and EUR 4 million accordingly. Amount of long-term loans decreased by EUR 1.1 million due to repayment schedules.

Financial expenses stayed flat and amounted to EUR 3.7 million. The total amount of financial loans portfolio (including leasing) stayed flat at EUR 149 million. The amount of financial loans decreased by EUR 1.1 million over the reporting period.

Group’s cash flow from operating activities before the changes in the working capital was positive and amounted to EUR 21.6 million as compared to EUR 5 million of the respective period a year before. Cash flow from operating activities after changes in working capital was positive and amounted to EUR 39.1 million (EUR 20.3 million over the respective period of 2018/19 financial year), the reason was decrease of stocks by EUR 10.3 million.

The Group's cash flow from investment activity was negative and amounted to EUR 5.6 million (compared to EUR (10.8) million in the financial year 2018/19).

The Group's cash flow from financial activity was negative and were reported at EUR 31.6 million, to a large extent the figure was determined by the decrease in the financial loans (change in the debt amounted to EUR 40.7 million).

AB Linas Agro Group is fully able to finance its main and investment activities. The Group finances its working capital and long-term investments at four major banks - AB SEB Bank, ABN AMRO Bank N.V., Swedbank AB and AB Luminor bank. The overall credit line held in these banks exceeds EUR 160 million.

5.4. Investments

AB Linas Agro Group and its subsidiaries have invested EUR 14.5 million over the reporting period. Major investments by character:

Investment object	Investment amount, thousand EUR
Grain storage equipment, warehouses, other buildings, various appliances and other machinery	5,860
Purchase and upgrade of agricultural machinery, vehicles, equipment, buildings and purchase of land	2,714
Modernization and renovation of poultry farms	5,608

The largest investments went to the poultry business modernization - they amounted to EUR 5.6 million. Over EUR 1.8 million have been invested in the reconstruction of farms and strengthening of the biological safety of raised birds. EUR 0.8 million were invested to maintain poultry slaughterhouses and meat processing plants. As much as EUR 1.5 million were spent to improve infrastructure: water supply and sewerage, lighting and security systems.

A new agricultural service and trade center was completed and opened in Ozolnieki, Latvia during the reporting period.

A tank for liquid nitrogen fertilizers has been built in Joniškis grain elevator.

A liquefied gas tank was reconstructed and dryer was modernized in grain elevator of ŽŪK Kupiškio Grūdai.

The Kėdainiai grain elevator was equipped with fertilizer application equipment, which allowed the provision of fertilizer application service to farmers. At the same time, new fertilizer packaging equipment was purchased.

The Kėdainiai grain elevator was equipped with seed fertilization equipment, which allowed the launch of a new service for farmers. Besides that, new fertilizer packaging equipment was obtained.

Technical improvements were carried out on grain elevator in Rezekne, Latvia.

The administrative building and cowshed have been reconstructed in agricultural company Kėdainiai District Labūnavos ŽŪB, two milking robots have been installed, and the network of GPS transmitters, fuel probes and surveillance cameras has been expanded.

Reconstruction of farms was also carried out in agricultural company Panevėžys District Žibartonių ŽŪB.

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

	2019/20	2018/19	2017/18	2016/17	2015/16
Grain and Feedstuff Handling and Merchandising	6,225	(8,640)	3,984	7,989	9,583
Products and Services for Farming	3,724	2,950	5,657	3,806	2,816
Agricultural Production	6,358	3,230	3,146	3,329	758
Food products	2,183	2,431	3,904	1,545	(1,246)
Other	-	471	(92)	(196)	(176)

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.

The Group has been operating in this field since 1991; this activity generates the major part of the Group's revenue. Companies that run this type of business are: AB Linas Agro (Lithuania), UAB Linas Agro Grūdų centras KŪB, ŽŪK Kupiškio Grūdai, Karčemos Kooperatinė Bendrovė, UAB Jungtinė Ekspedicija (Lithuania), SIA Linas Agro and SIA Linas Agro Graudu Centrs (Latvia).

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. The Group's own storage capacity for various grains and other agricultural commodities in Lithuania and Latvia exceeded 332 thousand tons, while the storage capacity at ports was 245 thousand tons at the end of the reporting period. The Group estimates its share of the Lithuanian grain export market between 15% and 20%, and the market share of imported feedstuff is 80%.

The main export commodity of the Group is Lithuanian and Latvian wheat. Due to the drought in Lithuania and Latvia the quality of wheat was very good this season, but the yield was lower than average. Until the beginning of 2020, demand for high-quality wheat was particularly low. Dry summer of 2019 reduced the yield of other crops in Lithuania as well, part of it was completely destroyed. Yields of beans, peas, barley were significantly reduced.

Group's own grain elevators have handled 18% more grain for export than last year or 419 thousand tons, the increase in Lithuania was 13% and in Latvia - even 35%, and this increase was mostly achieved by two recently opened Group's grain elevators in Latvia.

Trade in grains, oilseeds and feedstuff has been affected by the pandemic as the countries closed their borders and value of some unsold stock has declined during the period. Strict quarantine in Uzbekistan and Azerbaijan at the end of the season has temporarily slowed down the production of poultry in these countries and, simultaneously, soybean meal imports to these countries. As the global economy stopped due to the pandemic caused by coronavirus and bioethanol consumption declined, a surplus of maize has formed in the global market. As a consequence, the EU introduced a customs duty on maize imports for a period of three months, therefore, Group suffered a small loss due to this decision.

The sales of traditional products - wheat, barley and rapeseed – decreased as their trade volume in tons went down by 15% to 1.45 million tons. The Group started a new activity - import of food grade rye to Russia from Lithuania and Latvia. Feedstuff trade volume was 0.39 million tons or 13% less than a year before.

The revenue of this business Segment went 18% down year-on-year to EUR 419 million and operating profit amounted to EUR 6.2 million as compared to EUR 8.6 million loss in FY 2018/19.

	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**Change 2019/20 compared to 2018/19 (%)**
Sales in tons	1,815,937	2,023,794	1,833,359	2,146,893	1,830,844	-14.7
Sales revenue, thousand EUR	386,906	415,333	397,425	513,304	418,878	-18.4
Gross profit, thousand EUR	15,835	15,561	11,343	37	12,315	33,183
Gross profit margin, %	4.1	3.7	2.9	0.01	2,9	40,686

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 companies mostly engaged in this activity are: AB Linas Agro (Lithuania), SIA Linas Agro (Latvia), UAB Dotnuva Baltic (Lithuania) with its subsidiaries in Latvia and Estonia.

The Group represents worldwide known brands. The total Group’s storage capacity for warehousing seeds, fertilizers and plant protection products in Lithuania and Latvia was 102 thousand tons at the end of the reporting period. A new agricultural service and trade center was opened in Ozolnieki, Latvia during the reporting period to lodge back offices and trading offices of Linas Agro and Dotnuva Baltic, machinery department with machinery exposition, service workshop, warehouses of spare parts.

The subsidiary AB Linas Agro is one of the largest suppliers of fertilizers, plant protection products, certified seed to Lithuanian farmers, and SIA Linas Agro supplies agricultural inputs to Latvian farmers. The Group's market share of certified seeds in Lithuania is 30%, fertilizers - 15%, plant protection products and microelements - 11%. In Latvia - 11, 14 and 16 percent, respectively. In Estonia, the market share of certified seeds is 10%, while other mentioned products are not traded by the Group. During the reporting period, a cooperation with a new supplier, the Polish manufacturer of plant protection products Innvigo was established. The distribution of the latest generation of promising BASF fungicides has also been started.

The subsidiary UAB Dotnuva Baltic is a wholesaler and retailer of agricultural machinery and grain storage facilities, has an agricultural machinery service network in the Baltic States and a seed processing factory that holds 30% of Lithuanian certified seeds market and has prepared 22 thousand tons of seedings material during the financial year, a little more than last year. The company has a certificate in packing and wholesale trade of organic seeds issued by the PE Ekoagros. Dotnuva Baltic is the only representative of the *Case IH, Kverneland, Agrifac*, and *Jeantil* brands in the Baltic States. Dotnuva Baltic is the leading distributor of self-propelled sprayers and grain processing equipment in Lithuania, holding half of the market. It is also one of the largest sellers of new western tractors, occupying 20% of Lithuanian market. In Estonia, the plows sold by the company have as much as 70% of the market, in Latvia- 30% of the market.

During the reporting period, the range of machinery sold by the Group has been complemented by soil cultivation and grassland maintenance machinery from the Polish manufacturer *Mandam*, large working width tillage implements, direct seeding machinery and straw harrows of the French manufacturer *Agrisem*. Dotnuva Baltic will represent the machinery of these manufacturers in all three Baltic countries. What is more, Dotnuva Baltic has become the representative in Lithuania and Latvia of the Canadian company *MacDon* which provides flexible draper headers for the majority of combine harvester producers. In May, Dotnuva Baltic signed a cooperation agreement with UAB Ekodrena, a manufacturer of regulated drainage systems. The two companies have agreed to jointly develop a regulated drainage business in the three Baltic States. The companies predict that over the next few years, the number of farms with such drainage systems installed will increase fivefold in Lithuania.

Favorable climatic conditions and expectations of a good harvest promoted trade in fertilizers. Sales volume of fertilizers increased by 2% as compared to previous year, but sales revenue was 3% lower due to lower market prices than last year and equal to EUR 52.4 million.

The use of and demand for fungicides and insecticides in cereals and oilseed rape have declined, as the cool and dry spring has been detrimental to the spread of diseases and pests. Sales of micronutrients increased due to increased winter crop areas and farmers' expectations: as winter crop good condition was evident, farmers used more inputs to achieve higher yields. Total sales of crop care products and micronutrients increased by 20% to EUR 22.9 million.

The peak of the seed trade coincided with the lockdown related to the COVID-19 pandemic in the spring, but the trade did not disrupt: although the retail shops did not operate, the Group shifted to online trade. Lockdown has even increased the demand for lawn seeds, as people have spent more time to maintain their gardens. Demand for sidereal mixtures for soil greening has also increased. The Group sold 22.4 thousand tons of seeds or slightly more (0.4%) than a year before. However, 6% lower grain prices than last year reduced the price of seeds and potential income from the seed trade. Revenue from seed trade increased by 1.7% and amounted to EUR 19 million.

In Lithuania, the EU support for the renewal of agricultural machinery remained at the same level as last year. However, after two poor years, the harvest forecasts for this year were more optimistic and clients were determined to invest in new machinery rather than repair the old one. The Lithuanian tractor market grew by 43% during the reporting period, while the Group's sales grew faster than the market and the Group's share of the tractor market increased from 11% to 20%. The sales of new and used agricultural machinery in Lithuania increased by 49%.

During the second half of the financial year, seeing well-overwintered crops and hoping for a good harvest, the farmers of the Baltic States boldly invested in a very powerful machinery: Group sold 6 exceptionally powerful tractors *Case IH Quadtrac*. In Lithuania, the sales of used combine harvesters grew as well: 19 units were sold during the reporting period. Overall, the sales of used machinery in Lithuania increased 2.6 times.

In Latvia, the support to farmers for the purchase of machinery provided by the EU funds was insufficient, many applications remained unsatisfied and the support itself was only approved in March-April. Milk purchase prices also marked a rapid decline. Therefore, farmers refrained from investing into new machinery, but were interested in used machinery and bought only what was essential. The Group's sales of new and used machinery shrank by 19% in Latvia. However, combine harvester sales grew even as the combine harvester market contracted and the share of this market reached 10%.

In Estonia, no support from the EU funds was provided, so only financially strong farms that could obtain bank loans were able to make investments. Although the harvest of 2019 was satisfactory, it could not cover prior obligations, therefore, the expected recovery of the market did not happen and the market remained at the same level. Dairy and mixed farms were experiencing difficulties due to the fall in milk purchase prices. However, even with the stagnation in the market, the Group's sales of new machinery grew by 6% in Estonia and sales of used machinery successfully increased by 73% up to EUR 1.33 million.

The Group's total sales of new and used machinery increased by 18% up to EUR 40.4 million. COVID-19 and lockdown resulted in a loss of transaction for the amount of EUR 0.75 million, however, these transactions are expected to take place in the coming financial year. Feeling the interest of its clients, the Group became more active in providing the service of new equipment rent. 19 rent agreements have been signed for a period of 1-5 years. More intensive development of this line is planned for the next financial year.

Although there was no work shortage for the agricultural machinery service units, the competition in the spare parts and service market increased during the first half of the financial year, which forced the Group to reconsider the activities of its agricultural machinery service. The Group renewed and provided additional training to its service teams, increased the speed of service provision, enhanced relationships with the clients. Equipment inspections and special repair fees were offered to the clients of the Group during off-season. All of the above mentioned and some other measures attracted clients from the competitors and increased the revenue from the service and spare parts supply activities by 25% up to EUR 11.3 million.

Investments into grain processing equipment were minimal as low grain harvest in 2019 made it impossible for farmers to earn higher revenues. The most frequently ordered equipment was the one needed for the extension or reconstruction of existing facilities. In Estonia, the EU support for farmer investments has been postponed from the end of 2019 to the end of 2020. Dairy farms are generally modernized only with the help of EU funds; however, farmers have been relatively slow to use that support as milk purchase prices have been low and, in the spring, at the start of the lockdown, dairy companies have reduced their milk purchase prices even more. As a result, dairy farms are requesting longer than usual deferrals for the farm equipment they purchased. Nevertheless, the first 3 milking robots launched in Lithuania and installed automatic feeding system proved to be successful and attracted other potential customers. During the reporting period, the Group installed and started the operation of 2 milking parlors, fully set up 1 cattle-shed. Trade in grain preparation and farm equipment generated revenue of EUR 7.8 million or 34% less than during the previous year.

The revenue of this business Segment went up 5% to EUR 156.2 million and operating profit was over EUR 3.7 million being 26% higher as compared to previous year.

	2015/16	2016/17	2017/18	2018/19	2019/20	Change 2019/20 compared to 2018/19 (%)
Sales in tons	224,184	203,541	218,110	247,884	254,552	2.7
Sales revenue, thousand EUR	168,071	164,945	160,779	148,662	156,120	5
Gross profit, thousand EUR	16,286	17,256	18,918	16,162	16,751	3.6
Gross profit margin, %	9.7	10.5	11.8	10.9	10.7	-1.3

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. The latter was acquired by the Group during the reporting period.

At the end of the reporting period, the companies cultivated 18,370 hectares of land. The Group owned 8,007 ha of arable land at the end of the reporting period. During the reporting period, 14,076 hectares were harvested. Crop production increased by 7.5 percent in 12 months as compared to previous year.

As much as 15,066 hectares of crops have been sown for the harvest of 2020 year. Sowing work on agricultural companies was non-stop and was not affected by pandemic or lockdown. At the end of the reporting period, the crops were in very good condition. A record harvest is expected, as winter wheat yields are forecasted to be 30% higher than last year.

The Group's agricultural companies had 3,403 dairy cows at the end of the reporting period, or 6% more due to the acquisition of the agricultural company Kėdainiai District ŽŪB Nemunas. Agricultural company Šakiai District Lukšių ŽŪB has become the most efficient milk producer among Lithuanian companies in 2019 and the sixth in terms of the amount of milk produced. The average productivity of its cows is as much as 11,857 kg of milk per cow per year (was ranked second in 2018 year when productivity was 11,262 kg). The agricultural company Sidabravo ŽŪB kept the third place among the most efficient milk producers and milked 11,183 kg per cow. The company aims to phase out the use of antibiotics in the treatment of bovine mastitis, and 85% cases of mastitis are successfully treated without the use of antibiotics.

The activities of agricultural companies have been affected by the fall in milk purchase prices that fell due to the pandemic and quarantine and, not least, the quarantine coincided with the seasonal fall in milk purchase prices, which happens every spring due to the increase in supply. Milk purchase prices in Lithuania have been growing since October 2019 until the announcement of the quarantine for COVID-19. After that, they have been declining for four months in a row: in April the prices have fallen by 15% (compared to the prices in March), and in May and June they continued to decline further. For example, the average purchase price of natural milk in June was EUR 247.3 per ton: lower by 2.6 percent than in May and lower by 6.3 percent than in June of the previous year. During the year, the price of milk sold by the Group decreased, on average, by 2.8%.

Over 80 thousand tons of crop production have been sold over the reporting period or 16% more than a year before, raw milk sales exceeded 34 thousand tons and were 7% more than a year before, live bovine animal sales volume was 1,436 tons (1,489 tons a year before).

Though milk sales volume in tons was 7% higher, milk income fell by 1.2% due to falling prices.

The revenue of this business Segment increased by 8% to EUR 28.3 million and operating profit went up 97% to EUR 6.4 million. The increase was conditioned by successful future sales of grain.

	2015/16	2016/17	2017/18	2018/19	2019/20	Change 2019/20 compared to 2018/19 (%)
Sales in tons	117,219	107,875	122,699	102,548	116,039	13.1
Sales revenue, thousand EUR	27,153	26,815	31,011	26,238	28,313	7.9
Gross profit, thousand EUR	3,525	6,450	6,194	3,109	5,752	85
Gross profit margin, %	13.0	24.1	20.0	11.9	20.3	71

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. The Group's share of the poultry market in Latvia during the reporting period was 28%, in Estonia - 7%, in other countries it was less than 3%.

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’. The company's products are marketed under the trademark ‘Top choice poultry’ in the export markets. The subsidiary of the company, SIA PFK Trader operates 22 retail shops all over Latvia. 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. AS Putnu Fabrika Kekava has A grade BRC (British Retail Consortium) accreditation, is Halal certified, also has ISO 50001:2012 certification. During the reporting period, 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 – 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. The company has ISO 22000:2006 and ISO 50001:2012 certifications, also is Halal certified.

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

During the reporting period, the average price of poultry meat in the EU decreased by 1% (compared to the same period of the previous year) and amounted to EUR 186.68 / 100 kg. However, due to the COVID-19 and the quarantine introduced in various countries, the demand in the HORECA sector has shrunk leading to a sharp fall in the price of individual poultry parts, for example, the price of chicken breast in the EU has fallen by 31% to the historical lows: from Eur 3.5 / kg in June 2019 to Eur 2.4 / kg in in June 2020. During the first wave of the pandemic, the closure of the HORECA sector in the European Union has led to the accumulation of large stocks of chicken breast, therefore, the prices will remain low in the second half of 2020 especially as a second wave of the pandemic is expected and this could stop all the activities in the HORECA sector again.

Due to the stopped activities in the HORECA sector and closed borders of the countries, poultry industry faced a production surplus. Therefore, the Group had to stop production of salted and roasted products for three weeks and rethink business strategy, search for ways to reduce costs and change the assortment. The Group reduced its trade in fresh poultry meat and started producing more higher value-added products: new types of sausages, smoked products, salami sticks and a line of ready-to-cook marinated products on skewers.

The poultry companies produced almost 46 thousand tons of live weight poultry during the reporting period or 4% more than last year. They sold over 32 thousand tons of poultry and poultry products during the reporting period or almost the same as year before.

Revenue from this business Segment went down 3% to EUR 74.4 million. The operating profit went down 10% to EUR 2.2 million.

	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**Change 2019/20 compared to 2018/19 (%)**
Sales in tons	30,048	29,503	32,577	32,655	32,373	-1
Sales revenue, thousand EUR	60,334	61,032	69,078	77,029	74,376	-3
Gross profit, thousand EUR	4,496	6,987	9,375	9,793	10,846	11
Gross profit margin, %	7.5%	11.4%	13.6%	12.8%	14.6	15

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 profit of this business Segment amounted to 0 euros as compared to EUR 471 thousand profit in previous year.

5.6. Strategic goals of the Group

The Group's strategy is to have a profitable growth, develop all core activities and achieve synergies between activities.

As the Group's activities are divided into four main operating segments, the objectives are different for each of them:

- The main business of the Group is international trade in grain, oilseeds and feedstuff. The Group is one of the largest grain exporters in the Baltic States. The objective of the Group's management is to export grain from the Baltic States in a sustainable manner and increase profitability in this activity. Increase operational efficiency, reduce operating costs.

- Products and services for farming business is the second largest Group's source of income. The main objective of this activity is to grow profitably while ensuring a good income for the farmer. Find and market solutions to help plants adapt to changing climate conditions. To have one of the best agricultural machinery service networks in the Baltic States. To develop investment in the intelligent farming system GeoFace, to offer modern solutions to farmers using smart technologies.

- Poultry business is the third largest business of the Group. The management of the company plans to further expand the poultry farming capacity, install new poultry packing equipment, automate box management and product refrigeration system, and streamline logistics solutions in the poultry business. It is planned to implement a recuperation system project that would reduce gas consumption in poultry raising buildings. The implementation of a new accounting system is planned, which would contribute to more efficient business management.

- Agricultural production is an activity whose expansion is limited by the owned and rented land area. The strategic objectives of the Group are to further increase the productivity of crop and dairy farms and expand the volume of raw milk production by modernizing production and increasing the number of dairy cows.

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 2020, the Company publicly disclosed and distributed via Nasdaq Vilnius Exchange Globenewswire system and in Company's website www.linasagrogroup.lt the following information:

29/5/2020 17:30 EEST	AB Linas Agro Group performance and financial results for 9-month period of FY 2019/20	Interim information	EN, LT
19/3/2020 9:39 EET	On the impact of coronavirus on performance of AB Linas Agro Group	Notification on material event	EN, LT
28/2/2020 17:27 EET	AB Linas Agro Group performance and financial results for H1 of FY 2019/20	Half-Yearly information	EN, LT
27/2/2020 16:47 EET	Decisions of the Extraordinary General Meeting of Shareholders	General meeting of shareholders	EN, LT

17/2/2020 16:01 EET	AB Linas Agro Group increases investment into agricultural production	Notification on material event	EN, LT
6/2/202016:02 EET	Extraordinary General Meeting of Shareholders is convened Feb 27,2020	General meeting of shareholders	EN, LT
12/12/2019 8:47 EET	AB Linas Agro Group investors calendar for the 2020	Other information	EN, LT
29/11/2019 18:09 EET	AB Linas Agro Group performance and financial results for the three months of 2019/20	Interim information	EN, LT
25/10/2019 15:55 EEST	AB Linas Agro Group notification about the Annual information of the financial year 2018/2019	Annual information	EN, LT
25/10/2019 15:45 EEST	Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, held on 25 October 2019	General meeting of shareholders	EN, LT
7/10/2019 17:02 EEST	Additional information to the General Meeting of Shareholders of AB Linas Agro Group	General meeting of shareholders	EN, LT
4/10/2019 16:01 EEST	Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	General meeting of shareholders	EN, LT
2/10/2019 16:37 EEST	Final update: AB Linas Agro Group investor ‘s calendar for the 2019	Other information	EN, LT
30/9/2019 10:03 EEST	Correction: AB Linas Agro Group investor ‘s calendar for the 2019	Other information	EN, LT
12/9/2019 16:30 EEST	AB Linas Agro Group Notification about acquisition of voting rights	Acquisition or disposal of a block of shares	EN, LT
3/9/2019 16:30 EEST	Regarding resignation from the Board of Linas Agro Group”, AB	Notification on material event	EN, LT
2/9/2019 16:00 EEST	Correction: AB Linas Agro Group results for the twelve months of 2018/19	Interim information	EN, LT
30/8/2019 10:03 EEST	AB Linas Agro Group results for the twelve months of 2018/19	Interim information	EN, LT

6.2. Other Events of the Reporting Period

June 2020	UAB Linas Agro Grūdų Centras KŪB has additionally acquired stock of Karčemos Kooperatinė Bendrovė.
25/6/2020	The authorized capital of UAB Linas Agro Konsultacijos was increased by 4,344,852 euros by contribution of new shareholder UAB Zemvaldos Turto Konsultacijos.
9/6/2020	The authorized capital of SIA Dotnuva Baltic was increased 3,000,000 euros.
May-June, 2020	The Group formed sub-group companies from newly founded and acquired companies: UAB Zemvaldos Turtas 1, UAB Zemvaldos Turtas 2, UAB Zemvaldos Turtas 3, UAB Zemvaldos Turtas 4, UAB Zemvaldos Turtas 5, UAB Zemvaldos Turtas 6, UAB Zemvaldos Turtas 7, UAB Zemvaldos Turtas SPV 1, UAB Zemvaldos Turtas SPV 2, UAB Zemvaldos Turtas SPV 3, UAB Zemvaldos Turtas SPV 4, UAB Zemvaldos Turtas SPV 5, UAB Zemvaldos Turtas SPV 6, UAB Zemvaldos Turtas SPV 7, 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.
27/4/2020	The authorized capital of LLC LINAS AGRO UKRAINE was increased by 2,699,999.93 hryvnas (87,000 euros).
January-March, 2020	UAB Linas Agro Konsultacijos and Panevėžys District Žibartonių ŽŪB have acquired 67.51% stock of Kėdainiai District ŽŪB Nemunas.
28/2/2020	Implementing the Rules for Shares Issue, that were updated at the Extraordinary General Meeting of Shareholders on February 27, 2020, the Company concluded stock option agreements with the employees of the Company and its subsidiaries, in which more than 50% stock is owned by the Company.
30/12/2019	The farming companies Landvesta 2, Landvesta 3 and Noreikiškių ŽŪB reorganized to private limited liability companies.
27/12/2019	The farming companies Landvesta 1, Landvesta 4, Landvesta 5 ir Landvesta 6 reorganized to private limited liability companies.
November 2019	The Company transferred 2,000 own shares to the employees of the Group under AB Linas Agro Group Rules for Shares Issues.
26/9/2019	The capital of Noreikiškių ŽŪB was increased by 35,000 euros.
16/9/2019	The capital of UAB Lineliai was increased by 30,000 euros.
6/8/2019	The authorized capital of LLC LINAS AGRO UKRAINE was increased by 2,600,000 hryvnas (around 102,970 euros).

6.3. Subsequent Events

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 will require the permission of the Competition Council.
1/9/2020	The capital of UAB Lineliai was increased by 70,000 euros.
July-August, 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.

7. Scope of risk and management thereof

7.1. Market risk

Market risk shall be understood as a risk to generate profit lower than planned if the tone of market prices is unfavorable. This may happen if market price fell below the intervention prices (minimal purchase prices for grains established by state authorities) as it would prevent the Group from receiving surplus profit. In a market situation when grain purchase prices fall due to certain reasons, intervention prices are used as a leverage to uphold a certain price level and thus to ensure guaranteed income to farmers. When intervention prices are higher than or identical to market prices, the Group sells the purchased grains to the agency and thus earns certain income that under regular market conditions would be lower than market prices. Starting from 2005, intervention prices are set by the EU and are calculated for two years in advance. The mechanism has not been applied so far; however, if intervention prices were applied, the Group would have been deprived of surplus profit.

This risk did not manifest itself with regards to Company and the Group in FY 2019/20.

7.2. Risk related to activities of subsidiaries

Subsidiary companies of the Group are engaged in the trade of agricultural raw materials, agricultural production, rearing of poultry and poultry production, storage of agricultural products and other activities. Poultry enterprises need to face the operational risk related to this sector including the cessation of the production as well as disease, environmental and other risks. Even though most of the subsidiaries are profitable, adverse developments in the markets, in which the parent company and its subsidiaries operate, may affect their yields. Managers for corresponding businesses within the Group follow closely and analyze the activity of the subsidiary companies and their key transactions, provide operational budgets of the companies under the authority of the Group's Board as well as monitor the implementation and key developments in these companies' budgets.

This risk did not manifest itself with regards to Company and the Group in FY 2019/20.

7.3. Political risk

Agriculture is a strictly regulated and supervised sector of economy in the European Union. Although this regulation and control are mostly aimed at ensuring sufficient income for entities engaged in agricultural activities, political changes may affect the situation in the market where the Group operates. For example, reduction of subsidies to agriculture may affect the activities of agricultural companies controlled by the Group. Also, demand for agricultural products is impacted by political decisions - embargoes, import or export bans.

This risk did not manifest itself with regards to Company and the Group in FY 2019/20.

7.4. Social risk

The experience and knowledge of the management determine the ability of the Group to retain its competitive status and implement its growth strategy. However, there are no guarantees that all key employees of the Group will stay with the Group in the future. Loss of such employees or the Group's failure to recruit new employees possessing appropriate knowledge may have a significant adverse impact on the business outlook and financial position of the Group. Non-competition agreements are signed with some executives.

This risk did not manifest itself with regards to Company and the Group in FY 2019/20.

7.5. Counterparty risk

The Group enters forward contracts with farmers who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk.

The Group, according its risk management policy is using risk management mitigating tools for forward purchases. No loss has been recorded, as the situation in the market was positive for such forward purchases. The Group continuously monitored and analyzed the market, has revised and stringent the terms of its purchase agreements, analyzed probable scenarios for losses and made certain decisions to control risk (for example, setting limits on forward contracts, evaluation and assessment of client's credit rating, capacity of cultivated land etc.).

In order to manage the risk related to certain products, the Group concludes forward contracts on commodity exchange NYSE Euronext Paris SA. The Group trades in futures to control the price risk arising from purchasing and selling rapeseed and wheat. The Group has approved an internal trade risk management system and established the credit risk management committee that analyses trade transactions entered into by the Company as well as their amounts and limits. Some of the buyers (buyers' solvency risk) are insured with international insurance companies.

This risk did not manifest itself with regards to Company and the Group in FY 2019/20.

7.6. Financial risk

Information on the financial risk management objectives what are covered by hedge accounting, also Group 's price risk, credit risk, liquidity risk and cash flow risk, where the Group use various financial instruments and technique, which is important for assessing the assets, equity, liabilities, income and expenses of the Group is disclosed in the Group's Financial Statements, note 28.

8. Employees

As at 30 June 2020 the number of employees of the Group was 2,101 or 12 employees less than as at 30 June 2019 (2,113).

The number of employees of the Company was 20 (8 as at 30 June 2019). The number of the Company's employees increased due to internal reorganization: employees from some subsidiaries were transferred to the Company.

8.1. Employed persons by position and sex

The number of employees at the end of the reporting period:

	30/6/2020			30/6/2019
	Total	Men	Women	
Managers	165	102	63	135
Specialists	601	323	278	558
Workers	1,335	752	583	1,420
In total	2,101	1,177	924	2,113

8.2. Average monthly salary before taxes, EUR

	2019/2020	2018,2019
Managers	5,087	3,276
Specialists	2,200	1,296
Workers	1,166	1,180

8.2. Distribution of employees by education degree held:

	30 June 2020	30 June 2019
Graduate academic	456	469
Higher education	345	291
Secondary education	1,027	1,067
Primary	273	286

8.3. Distribution of employees by countries:

	30 June 2020	30 June 2019
Lithuania	918	945
Latvia	1 145	1,131
Estonia	36	35
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.

9. Authorized capital and shares of the Company

On 30 June, 201920 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 770,972 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. 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. For more details refer to Note 27 of the Financial statements.

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, 2020), the number of Company's shareholders at the end of the reporting period was 711.

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		
Companies	118,213,290	74.37%
Individuals	3,764,207	2.37%
Resident investors		
Companies	7,962,584	5.01%
Individuals	29,000,317	18.25%
Total	**158,940,398**	**100.00%**

The shareholders controlling more than 5% of the Company's shares and/or votes as at 30 June, 2020:

	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)	8,461,306	5.32

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.

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 October 25, 2019, and was attended by the shareholders of the Company holding 81.30% of all voting shares of the Company, and one extraordinary general meeting of shareholders of the Company took place February 27, 2020, and was attended by the shareholders of the Company holding 89.45% 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.

Eleven meetings of the Board have been organized and held during the financial year 2019/2020, 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, 2020):

From the left onwards: Dainius Pilkauskas, Andrius Pranckevičius, Darius Zubas, Tomas Tumėnas, Arūnas Zubas, Jonas Bakšys

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	_
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. Has been 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. Joined the Group in 2001.

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 30/6/2020:

Person	Company name, code of legal entity, address	Position	Since
Darius Zubas	***Companies of the Group:***		
	AB Linas Agro, entity 147328026, Smėlynės St. 2C, 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
	SIA Linas Agro, 53603019011, 'Baltijas Ceļš', Cenu District, Ozolnieki municipality, Latvia	Member of the Council	2019
	SIA Dotnuva Baltic, 43603041881, 'Baltijas Ceļš', Cenu District, Ozolnieki municipality, Latvia	Member of the Council	2019
	AS Dotnuva Baltic, 12019737, Savimäe 7, Vahi, Tartu District, Estonia	Member of the Council	2019
	UAB Dotnuva Baltic, 261415970, Parko St. 6, Akademija, Kėdainiai District, Lithuania	Member of the Board	2019
	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, Panevėžys, Lithuania	Deputy Chairman of the Board	2018
		Member of the Board	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
	Other companies:		
	AB Ignitis Grupė, 301844044, Žvejų St. 14, Vilnius, Lithuania	Member of the Supervisory Board	2017
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
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
Arūnas Zubas	***Companies of the Group:***		
	AB Linas Agro, 147328026, Smėlynės St. 2C, 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

Person	Company name, code of legal entity, address	Position	Since
Arūnas Zubas cont.	***Other companies:***		
	UAB MESTILLA, 300097027, Kretainio St. 5, Klaipėda, Lithuania	Deputy Chairman of the Board	2018
		Managing Director	2005
Jonas Bakšys	***Companies of the Group:***		
	AB Linas Agro, 1473 28026, Smėlynės St. 2C, 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
	SIA Linas Agro, 53603019011, 'Baltijas Ceļš', Cenu District, Ozolnieki municipality, Latvia	Deputy Chairman of the Council	2019
	UAB Dotnuva Baltic, 261415970, Parko St. 6, Akademija, Kėdainiai District, Lithuania	The Deputy Chairman of the Board, CEO	2019
	SIA Dotnuva Baltic, 43603041881, 'Baltijas Ceļš', Cenu District, Ozolnieki municipality, Latvia	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, 2020.

11.4. Management of the Company

During the financial year, there were changes in the Company's management: Finance Director have changed.

Company Management as of 30 June 2020:

Darius Zubas | **Andrius Pranckevičius** | **Mažvydas Šileika** | **Ramutė Masiokaitė**

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

Ramutė Masiokaitė (b. 1971) graduated from Vilnius University in 1994 and acquired the qualifications of economics, financial and credit specialist. She started her employment with the Group in 1998.

During the reporting period the Company's management remuneration amounted to EUR 1,137 thousand (excluding bonus for the Board of the Company).

Activities of the Company Management in other companies

Information about Darius Zubas and Andrius Pranckevičius is provided in the chapter *11.2. Board of the Company.* Mažvydas Šileika and Ramutė Masiokaitė had no activities in other companies at the end of the reporting period.

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 2019 to 30 June 2020, 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 2019 to 30 June 2020:

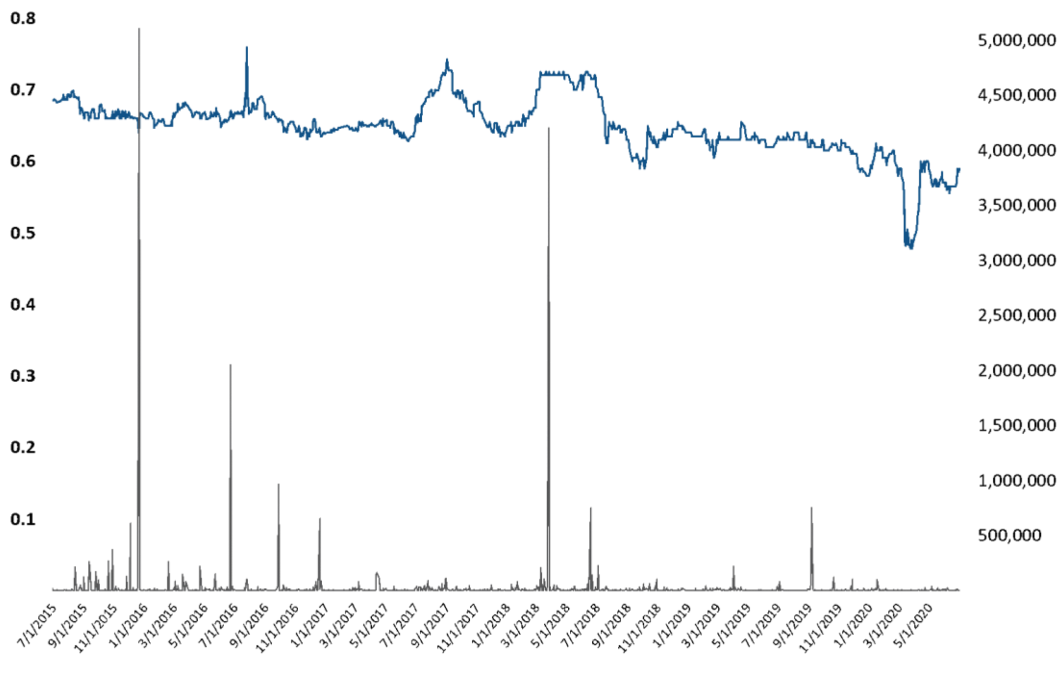
Year and quarter	Price EUR		Turnover EUR		Last trading days of the period			Total turnover	
	Max.	Min.	Max.		Price EUR	Turnover EUR	Date	Units	EUR
Q3 2019	0.64	0.61	753,072.67	0.00	0.63	0.00	30/09/2019	1,760,016	1,101,101.23
Q4 2019	0.63	0.58	124,661.29	0.00	0.58	4,988.00	30/12/2019	614,369	376,164.21
Q1 2020	0.625	0.46	9,5940.00	0.00	0.49	191.1	31/03/2020	543,318	322,145.98
Q2 2020	0.61	0.486	36,823.82	0.00	0.59	2,171.21	30/06/2020	483,165	274,602.29

12.2.Capitalization of the Company's shares

Date	Capitalization, EUR	Share Price, EUR
30/09/2019	100,132,450.74	0.63
31/12/2019	92,980,132.83	0.585
31/3/2020	78,834,437.41	0.496
30/6/2020	93,774,834.82	0.59

12.3.AB Linas Agro Group share price and turnover

Information on changes in the prices of Company's shares and turnover from 1/7/2015 until the end of the reporting period, i. e. 30 June 2020, 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.

15. Major transactions with related parties

Major transactions of the Company with related parties are provided in Note 30 of the Explanatory Note to the Consolidated Annual Financial Statements for 2019/20 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 2,077 employees during the reporting period. The distribution of employees by position, gender, education, country and average salaries are described in paragraph 8 of this report.

In its relations with employees, the Group is guided by the law, as well as the values and policies of the Group: The Occupational Safety and Health Policy, Non-Discrimination Policy, Human Rights, Child Labor and Forced Labor 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: AS Putnu Fabrika Kekava; AB Linas Agro; UAB Linas Agro Grūdų centras KŪB; UAB Dotnuva Baltic; and Biržai District Medeikių ŽŪB, while the representative of the employees of UAB Jungtinė Ekspedicija has been elected since 2008.

Employers harmonized the Rules of Procedure with the works councils, and there was a continuous communication concerning the measures and plan for COVID-19 prevention. Works councils participate in accident investigation and in the occupational risk assessment processes. The works council of UAB Dotnuva Baltic has achieved a shortened working day (shorter than 8 hours) on Fridays.

The COVID-19 pandemic did not lead to job losses and efforts were made to retain all workers and to provide opportunities to work remotely: 70% to 100% of employees of some companies worked remotely and on a flexible schedule. Others worked in compliance with special safety measures and using personal protective equipment provided by the companies: face masks or respirators, disinfectants and disposable gloves. In addition to protective face masks, a number of companies have distributed multivitamin packs to boost employee immunity system. Disinfection and ventilation of the premises were carried out on a regular basis, business trips were suspended, 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. Clients were served maintaining a required distance, as well as partitions separating the employees from the clients were installed. The poultry enterprises operating in the food production sector and carrying out work in compliance with special safety requirements on a regular basis alone have spent nearly EUR 79,000 on personal protective equipment, work reorganization and provision of information to employees. Other companies spent less, however, all of them were acquiring and implementing measures to protect their employees and customers.

Companies of the Group provide social guarantees for their employees. During the reporting period, the Group adopted a uniform policy concerning employee benefits, mandatory for all 100% owned subsidiaries and also recommended other companies of the Group to follow it. 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. The amounts allocated by the Group for employee benefits and vaccination against seasonal and occupational diseases totaled EUR 23.6 thousand.

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. Due to the COVID-19 pandemic, a number of planned internal and external trainings had to be postponed to take place in the future and, in general, since March, the company's employees have only participated in trainings carried out online. 127 thousand euros were allocated for staff training, more than 300 employees took part in external trainings, as well as quite a number of internal trainings were conducted on the topics concerning both the products sold/services provided and the safety at work.

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 715 employees were insured, and the Group allocated EUR 211 thousand for that purpose.

The Group makes contributions to the future stability of its employees from its own funds: 83 employees of the Group participate in the pension accumulation program: they have concluded individual pension accumulation agreements. The employer allocates to the employees a similar amount to the accumulation of pensions.

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

In the Group with 2,101 employees at the end of the reporting period, 14 accidents took place during the reporting period, including 2 instances resulting in serious injuries. In order to reduce the number of accidents, companies carry out an investigation in each case and then take measures to improve the equipment, the lighting of premises and areas, and the employee work clothing, as well as additional personal protective equipment is purchased. At the same time, additional trainings to employees are conducted, employee re-instructing at the workplace is carried out and relevant memos are distributed. Some companies have contracts with UAB SDG: the specialists of this company systematically inspect workplaces and provide recommendations.

Seven employees of the Group were identified with symptoms of occupational diseases. In order to keep the number of occupational diseases to a minimum, production processes and work schedules were analyzed and reviewed, additional protective equipment to reduce spinal strain was purchased, as well as new, more ergonomic agricultural machinery was procured.

The companies, whose employees have contracted occupational diseases, as well as other companies of the Group, have taken various measures to enable them prevent accidents at work or occupational diseases in the future.

For example, UAB Dotnuva Baltic had 87 of its employees vaccinated against seasonal flu and 4 against tick-borne encephalitis (usually, new employees are vaccinated). Working conditions for twenty employees of SIA Linas Agro in Latvia have significantly improved, as EUR 211 thousand was allocated for the installation of comfortable workplaces for them; some companies buy cars that have an emergency braking function; a number of companies reimburse the purchase cost of glasses. Over EUR 166 thousand has been invested in the improvement of working and rest conditions of employees in the poultry enterprises operating in Latvia, as well as the egg collection system has been changed substantially to make the work of employees more convenient; more facilities intended for staff have been set up. Furthermore, several companies in Lithuania and Latvia have installed more comfortable rest and changing rooms for their employees, as well as the premises were equipped with additional heating systems and air conditioning systems. The companies have increased the number of drinking water dispensers in the premises.

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 carry out activities in compliance with the laws and no fines were imposed on the companies by public authorities during the reporting period. No manifestations of bribery or corruption were recorded in the Group.

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

- Lithuanian Grain Processors' Association;
- Lithuanian Agrochemical Products and Fertilizers' Industry and Trade Association;
- Lithuanian Plant Protection Association;
- Lithuanian Association of Agricultural Companies;
- Lithuanian Cattle Breeders' Association;
- Lithuanian Red Cattle Improvers' Association;
- Lithuanian Black and White Cattle Improvers' Association;
- Lithuanian Seed Producers Association;
- Lithuanian Agricultural Machinery Association;
- Several associations for users of drainage systems;
- Lithuanian Association of Shipping Agents and Freight Forwarders;
- Lithuanian Association of Planters and Ornamental Plants Growers;
- Latvian Chamber of Commerce and Industry;
- Latvian Association for People Management;
- Latvian Federation of Food Processing Businesses;
- Latvian Egg and Poultry Producers Association;
- Association of Business Effectivity (Latvia);
- Grain and feed Trade Association (GAFTA); and
- Estonian Seed Association.

The Group eagerly cooperates with local communities, participates in their cultural projects, civic education and other educational projects, as well as maintains long-term friendships with farmer organizations. The Group has a support policy, a summary of which is published on the website of AB Linas Agro Group. Due to the COVID-19 pandemic, active cooperation with various communities and their organizations was limited in the last quarter of the financial year, however, the Group actively supported initiatives to help healthcare professionals combat COVID-19.

The permanent social partners of the Group are the Agriculture Academy of VMU (since 2004), Panevėžys City Gymnasium 5 and Charity and Support Foundation Maisto Bankas. The sum allocated by the companies of the Group to support various projects during the reporting period totaled nearly 165 thousand euros. Many of the planned projects and events were cancelled due to the COVID-19 pandemic, therefore, the Group allocated 31 thousand euros for initiatives aimed at collecting funds for the acquisition of protective equipment for health care professionals, as well as supplied chicken products to the health care professionals fighting COVID-19 for the amount of nearly 7 thousand euros. Apart from that, during the pandemic, several companies of the Group donated personal protective equipment and disinfectants to local hospitals.

Employees of the Group also participate in volunteering activities selected by them independently, such as the activities of the Rugutė Foundation for Children with Cancer; support to the Beinorava library; employees of some companies were active participants in the Fulfil a Dream Christmas campaign and the employer-initiated Cake Day charity event. Employees were also encouraged to contribute to the support funds for health care professionals combating COVID-19.

17.3. Environmental responsibility

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

The companies of the Group were not subject to any penalties or warnings for non-compliance with environmental protection laws or the norms of other legal acts applicable to this field.

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. Although paper consumption within the Group is reducing every year, the use of paper towels increased significantly over the several months of the pandemic.

Some companies rent premises and do not carry out the electricity, heating and water accounting, therefore, the Group does not make calculations concerning its total consumption of raw materials and energy, which would not be accurate and fair without the data from some companies, however, all of the controlled large production companies make such calculations and carry out their analysis. The greatest part of the work in reducing consumption during the reporting period was carried out in the field of electricity consumption. Majority of worn-out luminaires are gradually being replaced with more economical LED luminaires. All of the grain elevators of the Group are equipped with reactive power compensation devices, and some of the luminaires are equipped with motion sensors. Some of the companies try to make the most of the electricity consumption at night. To reduce electricity consumption for space heating, electric radiators are replaced with heat pumps. The farms of agricultural company Šakiai District Lukšių ŽŪB are equipped with an energy-saving recuperative water heating system, and special products are used in livestock farms to reduce the odor of manure and slurry.

In order to protect the environment, the companies of the Group reduce the consumption of paper by strengthening online communication instead of printing paper documents and advertising materials for customers. Furthermore, the companies are striving to select more products without packaging or with recycled packaging. 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: UAB Ekonovus, UAB Ecoservice, UAB Ecoservice Projektai, UAB Nuotekų Valymas, UAB Marijampolės Švara, UAB Švaros Komanda, UAB Kupiškio Komunalininkas, UAB Ekovalda, UAB BNB Capital, UAB Vilkdara, UAB Metta, UAB Žalvaris, UAB Virginijus ir Ko, UAB AV Investicija, Panevėžys Waste Management Centre, Šiauliai Region Waste Management Centre, SIA Zaļā Josta, AS BAO, SIA LAUTUS, and SIA Vides Serviss.

Although the employees of the companies of the Group were not invited to participate in the Darom environmental clean-up campaign this year due to the lockdown, the employees of the grain elevators of the Group took part in the campaign in cooperation with local elderships.

Corporate Governance Report

AB Linas Agro Group (hereinafter referred to as the "Company"), acting in compliance with Article 12 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

Summary

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. There are no the Remuneration Committee and the Remuneration Committee 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 webpage www.linasagrogroup.lt. All shareholders have the equal rights to participate in the General Meetings of Shareholders.
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.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
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	Historically the place of general shareholders' meetings has always been in Panevėžys city, on working days to make it convenient for all shareholders to come to participate. The notice of the general meetings of shareholders shall specify the date the shareholders may submit the proposed draft resolutions in writing.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	YES	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 General Voting Ballots, adopted resolutions and voting results.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
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. 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 positions held (or proposed) should be provided.	YES	The nominees to the Board and all information about their educational background, work experience and other positions held shall be publicly announced when general meeting of shareholders is convened to elect the Board members. The amount of annual compensation (tantiemes) to the Board members is provided in the draft of the Profit allocation statement presented the General Meeting of shareholders. 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.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
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.	YES	Head of the Company and finance director took part in the annual general meeting of shareholders of the Company on 25 October, 2019.

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 interests, having regard to the interests of employees and public welfare.	NOT APPLICABLE	The Supervisory Council is not formed in the Company.
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	

[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
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	
2.1.6. 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] *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.*

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 to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	NOT APPLICABLE	
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	NOT APPLICABLE	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its 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.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs *inter alia* the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	YES	The Board performs the specified functions through regular meetings.
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	

3.2. 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	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

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

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
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.		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. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	The 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.
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.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
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 2019/20 financial year, the Members of the Company's Board were all 100 percent involved in making the decisions.
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	NOT APPLICABLE	There are no independent Board members in the Board of the Company.

[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
considered independent due to special personal or company-related circumstances.		
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 that perform supervisory functions provided by the Law 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.
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 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.	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.
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	YES	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
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.		
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	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

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
the collegial body should form the nomination, remuneration and audit committees[5].		need of establishment of other committees indicated in this recommendation though the foundation 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 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	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. The Company also announces about the members of its Audit Committee in its Consolidated Annual Report.

[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
meetings and attendance over the year as well as the main directions of their activities and performance.		
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 complete 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 particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	NOT APPLICABLE	The Nomination Committee is not formed in the Company.
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	NOT APPLICABLE	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.		

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 Nomination 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 with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	YES	

[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
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	The draft Remuneration Policy of the Company is submitted to the annual general meeting of shareholders on November 23, 2020, and it will be published on the website after approval.
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 draft 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 draft 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 of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	YES	The recommendations are included in the draft Remuneration Policy of the Company.
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	NOT APPLICABLE	The financial incentive scheme is not included in the draft Remuneration Policy of the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
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.		
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 draft 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 draft 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.
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.

[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
9.1.8. 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.
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.
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.