

# Confirmation of the responsible persons

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Bank of Lithuania, we, Darius Zubas, Managing Director of AB Linas Agro Group and Mažvydas Šileika, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, the unaudited Interim Consolidated Financial Statements of AB Linas Agro Group for the three months of the financial year 2020/21, 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 Interim Consolidated Report for the three months of the financial year 2020/21 includes fair review of the business development and activities, together with the description of the major risks and indeterminations incurred.

Managing Director of AB Linas Agro Group

30 November 2020

Darius Zubas

Finance Director of AB Linas Agro Group

30 November 2020

Mažvydas Šileika



# AB Linas Agro Group Consolidated unaudited Financial Statements

for the Three-month Period  
Of The Financial Year 2020/21

Prepared according to  
Additional Information Preparing and  
Presentation Instructions  
issued by the Bank of Lithuania



## Consolidated Statement of Financial Position

	Notes	As at 30 September 2020	As at 30 June 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	2,006	1,905
Property, plant and equipment	6	154,009	152,597
Investment property	7	1,934	1,931
Animals and livestock		8,887	9,429
Non-current financial assets			
Other investments and prepayments for financial assets		16	66
Non-current receivables		773	1,261
Total non-current financial assets		789	1,327
Non-current prepayments		1,596	1,596
Deferred income tax asset		3,472	3,608
<b>Total non-current assets</b>		<b>172,693</b>	<b>172,393</b>
<b>Current assets</b>			
Crops		5,339	18,978
Livestock		2,722	2,580
Inventories		157,992	79,537
Current prepayments		4,499	5,422
Accounts receivable			
Trade receivables		108,796	110,478
Receivables from related parties	13	475	39
Income tax receivable		43	69
Other accounts receivable and contract assets		8,777	4,894
Total accounts receivable		118,091	115,480
Derivative financial instruments		–	588
Other current financial assets		1,592	904
Cash and cash equivalents		9,301	9,539
<b>Total current assets</b>		<b>299,536</b>	<b>233,028</b>
<b>Total assets</b>		<b>472,229</b>	<b>405,421</b>

*(cont'd on the next page)*

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

## Consolidated Statement of Financial Position (cont'd)

	Notes	As at 30 September 2020	As at 30 June 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1	46,093	46,093
Share premium	1	23,038	23,038
Legal and other reserves		5,153	5,153
Own shares		(446)	(446)
Foreign currency translation reserve		(18)	(10)
Retained earnings		109,133	105,122
<b>Total equity attributable to equity holders of the parent</b>		<b>182,953</b>	<b>178,950</b>
<b>Non-controlling interest</b>		<b>2,016</b>	<b>2,252</b>
<b>Total equity</b>		<b>184,969</b>	<b>181,202</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		5,775	5,745
Non-current borrowings	8	18,021	18,692
Finance lease obligations	9	803	800
Deferred income tax liability		19,154	19,478
Non-current employee benefits		565	853
Other non-current liabilities		848	824
<b>Total non-current liabilities</b>		<b>424</b>	<b>423</b>
		<b>45,590</b>	<b>46,833</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	8	12,074	13,130
Current portion of finance lease obligations	9	5,135	4,992
Current borrowings	8, 13	124,392	92,729
Trade payables		70,274	43,089
Payables to related parties		96	143
Income tax payable		954	200
Derivative financial instruments		3,070	128
Contract liability		908	1,528
Other current liabilities		24,767	21,447
<b>Total current liabilities</b>		<b>241,670</b>	<b>177,386</b>
<b>Total equity and liabilities</b>		<b>472,229</b>	<b>405,421</b>

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

## Consolidated Statement of Comprehensive Income (for the period 1 July to 30 September)

	Notes	2020/2021 1 Q	2019/2020 1 Q
Sales	4	239,326	149,351
Cost of sales		(226,150)	(138,869)
<b>Gross profit</b>		<b>13,176</b>	<b>10,482</b>
Operating (expenses)	10	(8,397)	(9,131)
Other income	11	1,220	624
Other (expenses)		(1,072)	(608)
<b>Operating profit</b>		<b>4,927</b>	<b>1,367</b>
Income from financing activities		418	422
(Expenses) from financing activities		(883)	(904)
<b>Profit before tax</b>		<b>4,462</b>	<b>885</b>
Income tax		(601)	(182)
<b>Net profit</b>		<b>3,861</b>	<b>703</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		3,904	617
Non-controlling interest		(43)	86
		<b>3,861</b>	<b>703</b>
Basic and diluted earnings per share (EUR)		0.03	0.01
<b>Net profit</b>		<b>3,861</b>	<b>703</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(8)	11
<b>Total other comprehensive income, to be reclassified to profit or loss in subsequent periods</b>		<b>3,853</b>	<b>714</b>
<b>Total comprehensive income, after tax</b>		<b>3,853</b>	<b>714</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		3,896	628
Non-controlling interest		(43)	86
		<b>3,853</b>	<b>714</b>

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

## Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of the parent										
	Notes	Share capital	Own shares	Share premium	Legal reserve and other reserve	Reserve for own shares	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
<b>Balance as at 1 July 2019</b>		<b>46,093</b>	<b>(448)</b>	<b>23,038</b>	<b>4,389</b>	<b>5,000</b>	<b>(17)</b>	<b>89,955</b>	<b>168,010</b>	<b>2,060</b>	<b>170,070</b>
Net profit for the year		–	–	–	–	–	–	617	617	86	703
Exchange differences on translation of foreign operations		–	–	–	–	–	11	–	11	–	11
Total comprehensive income		–	–	–	–	–	11	617	628	86	714
Share-based payments		–	–	–	(45)	–	–	–	(45)	–	(45)
Acquisition of minority interest		–	–	–	–	–	–	6	6	(7)	(1)
<b>Balance as at 30 September 2019</b>		<b>46,093</b>	<b>(448)</b>	<b>23,038</b>	<b>4,344</b>	<b>5,000</b>	<b>(6)</b>	<b>90,578</b>	<b>168,599</b>	<b>2,139</b>	<b>170,738</b>
<b>Balance as at 1 July 2020</b>		<b>46,093</b>	<b>(446)</b>	<b>23,038</b>	<b>5,153</b>	<b>–</b>	<b>(10)</b>	<b>105,122</b>	<b>178,950</b>	<b>2,252</b>	<b>181,202</b>
Net profit for the year		–	–	–	–	–	–	3,904	3,904	(43)	3,861
Exchange differences on translation of foreign operations		–	–	–	–	–	(8)	–	(8)	–	(8)
Total comprehensive income		–	–	–	–	–	(8)	3,904	3,896	(43)	3,853
Acquisition of minority interest		–	–	–	–	–	–	107	107	(193)	(86)
<b>Balance as at 30 September 2020</b>		<b>46,093</b>	<b>(446)</b>	<b>23,038</b>	<b>5,153</b>	<b>–</b>	<b>(18)</b>	<b>109,133</b>	<b>182,953</b>	<b>2,016</b>	<b>184,969</b>

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

## Consolidated Cash Flow Statement

	Notes	2020/2021 1 Q	2019/2020 1 Q
<b>Cash flows from (to) operating activities</b>		3,861	703
Net profit			
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation		3,684	3,466
Subsidies amortisation		(134)	(143)
(Gain) on disposal of property, plant and equipment		(128)	(107)
Change in allowance and write-offs for receivables and prepayments		(12)	165
Inventories write down to net realisable value		(193)	31
Change of provision for onerous contracts		(4)	(276)
Change in accrued expenses		(1,442)	592
Change in fair value of biological assets		217	263
Change in deferred income tax		(152)	390
Change in accrued share-based payment		–	(45)
Current income tax expenses		753	73
Expenses (income) from change in fair value of financial instruments		1,073	1,692
Dividend (income)		–	–
Interest (income)		(418)	(422)
Interest expenses		883	903
		<b>7,988</b>	<b>7,285</b>
<b>Changes in working capital:</b>			
Decrease in biological assets		13,885	10,499
(Increase) in inventories		(75,804)	(70,850)
Decrease (increase) in prepayments		924	3,531
Decrease in trade and other accounts receivable		(171)	36,790
(Increase) in restricted cash		(600)	(200)
Increase in trade and other accounts payable		30,152	5,379
Income tax (paid)		(7)	(91)
<b>Net cash flows from (to) operating activities</b>		<b>(23,633)</b>	<b>(7,657)</b>

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

## Consolidated Cash Flow Statement (cont'd)

	Notes	2020/2021 1 Q	2019/2020 1 Q
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(4,108)	(3,588)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		310	363
Acquisition of subsidiaries		(138)	–
Loans (granted)		(438)	–
Repayment of granted loans		139	25
Interest received		417	422
Dividend received		–	–
<b>Net cash flows from (to) investing activities</b>		<b>(3,818)</b>	<b>(2,778)</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		52,814	53,205
(Repayment) of loans		(23,653)	(38,979)
Finance lease (payments)		(1,169)	(465)
Interest (paid)		(862)	(904)
Subsidies received		169	–
Acquisition of non-controlling interest		(86)	(1)
<b>Net cash flows from (to) financing activities</b>		<b>27,213</b>	<b>12,856</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(238)</b>	<b>2,421</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>9,539</b>	<b>10,058</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>9,301</b>	<b>7,637</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by finance lease		476	1,390

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

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

	As at 30 September 2020		As at 30 June 2020	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	109,909,167	69.15 %	109,909,167	69.15 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
UAB INVL Asset Management	8,461,306	5.32 %	8,461,306	5.32 %
Other shareholders (private and institutional investors)	23,519,930	14.80 %	23,519,930	14.80 %
<b>Total</b>	<b>158,940,398</b>	<b>100.00 %</b>	<b>158,940,398</b>	<b>100.00 %</b>

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

The Company holds 769,972 of its own shares, percentage 0.49%, as at 30 September 2020 (770,972 as at 30 June 2020). Subsidiaries and other related companies did not hold any shares of the Company as at 30 September 2020 and as at 30 June 2020.

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

As at 30 September 2020 the number of employees of the Group was 2,116 (2,103 as at 30 June 2020).

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

### 2. Accounting Principles

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2019/2020 financial year.

### 3. Group Structure and Changes in the Group

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

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2020	30 June 2020	
<b>Investments into directly controlled subsidiaries</b>				
AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
UAB Dotnuva Baltic	Lithuania	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
UAB Jungtinė Ekspedicija	Lithuania	100%	100%	Expedition and ship's agency services
UAB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 5	Lithuania	100 %	100%	Rent and management of agricultural purposes land
UAB Noreikiškės	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Lineliai	Lithuania	100%	100%	Rent and management of agricultural purposes land
AS Putnu fabrika Kekava	Latvia	97.16%	97.16%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	97.16%	97.16%	Retail trade of food production
SIA Lielzeltini	Latvia	100%	100%	Broiler breeding, slaughtering and sale of products, feedstuffs
SIA Cerova	Latvia	100%	100%	Egg incubation and chicken sale
SIA Broileks	Latvia	100%	100%	Chicken breeding and sale
UAB Kekava Foods LT	Lithuania	97.16%	97.16%	Not operating company
<b>Investments into indirectly controlled subsidiaries (through AB Linas Agro)</b>				
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
Linus Agro A/S (under liquidation)	Denmark	100%	100%	Not operating company
UAB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
LLC LINAS AGRO UKRAINE	Ukraine	100%	100%	Representative office

### 3. Group Structure and Changes in the Group (cont'd)

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2020	30 June 2020	
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)</b>				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	99.16%	99.16%	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%	96.25%	Mixed agricultural activities
Kėdainiai district Labūnavos ŽŪB	Lithuania	98.95%	98.95%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	100%	100%	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%	Mixed agricultural activities
SIA Zemvalda Land Management Holdings 1	Latvia	100%	100%	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 2	Latvia	100%	100%	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 3	Latvia	100%	100%	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 4	Latvia	100%	100%	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 5	Latvia	100%	100%	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 6	Latvia	100%	100%	Rent and management of agricultural purposes land
SIA Zemvalda Land Management Holdings 7	Latvia	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 5	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas 7	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 5	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
UAB Zemvaldos Turtas SPV 7	Lithuania	100%	100%	Rent and management of agricultural purposes land

### 3. Group Structure and Changes in the Group (cont'd)

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2020	30 June 2020	
<b>Investments into indirectly controlled subsidiaries (through UAB Dotnuva Baltic)</b>				
SIA DOTNUVA BALTIC	Latvia	100%	100%	Trade of machinery and equipment for warehousing of grains
AS Dotnuva Baltic	Estonia	100%	100%	Trade of machinery and equipment for warehousing of grains, certified seeds
UAB GeoFace	Lithuania	100%	100%	Development of computer systems
UAB Dotnuvos Technika	Lithuania	100%	100%	Not operating company
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Grūdų centras KŪB)</b>				
Karčemos Kooperatinė Bendrovė	Lithuania	80%	80%	Preparation and warehousing of grains for trade
SIA Linas Agro Graudu Centrs	Latvia	100%	100%	Preparation and warehousing of grains for trade
<b>Investment into indirectly controlled subsidiaries (through Panevėžys District Žibartonių ŽŪB)</b>				
Karčemos kooperatinė bendrovė	Lithuania	19.98%	4.00%	Preparation and warehousing of grains for trade
<b>Investment into indirectly controlled subsidiaries (through UAB Landvesta 1-6, UAB Noreikiškės, UAB Lineliai)</b>				
UAB Zemvalda Turto Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries

### 3. Group Structure and Changes in the Group (cont'd)

#### **Changes in the Group during the 3 month period ended 30 September 2020**

During 3 month period, ended 30 September 2020, the Group acquired 16% stock of Karčemos kooperainė bendrovė for EUR 86 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 107 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

During 3 month period, ended 30 September 2020, the Group acquired 100% stock of UAB GeoFace for EUR 188 thousand. The fair values of the net assets acquired have not yet been assessed by the Group and the financial statements is presented below:

<b>Acquisition date for consolidation purposes</b>	<b>UAB GeoFace EUR'000</b>
<b>Carrying values</b>	<b>31 July 2020</b>
	<b>(unaudited)</b>
Property, plant and equipment	126
Cash and cash equivalents	–
<b>Total assets</b>	<b>126</b>
Current liabilities	(43)
<b>Total identifiable net assets at carrying value</b>	<b>83</b>
Loss recognized on acquisition of subsidiary, recognised under Other activity expenses	(105)
<b>Total purchase consideration</b>	<b>188</b>
Cash consideration transferred	188
Less: cash acquired	–
<b>Total purchase consideration, net of cash acquired</b>	<b>188</b>

#### **Changes in the Group during the year 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:

<b>Acquisition date for consolidation purposes</b>	<b>Kėdainiai District ŽŪB Nemunas EUR'000 31 March 2020</b>
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
<b>Total assets</b>	<b>5,554</b>
Grants and subsidies	(66)
Non-current borrowings	(1,832)
Other non-current liabilities	(8)
Current borrowings	(446)
Trade payables	(986)
Other liabilities	(64)
<b>Total liabilities</b>	<b>(3,402)</b>
<b>Total identifiable net assets at fair value</b>	<b>2,152</b>
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)
<b>Total purchase consideration</b>	<b>1,098</b>
Cash consideration transferred*	<b>1,008</b>
Less: cash acquired	(44)
<b>Total purchase consideration, net of cash acquired</b>	<b>964</b>

\*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 Zemvaldos Turtas 7 sub-group, which is comprised of the holding company UAB Zemvaldos Turtas 7 and its subsidiary UAB Zemvaldos 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
<b>Acquisition date for consolidation purposes</b>	<b>29 June 2020</b>
Investment property	1,060
Cash and cash equivalents	3
<b>Total assets</b>	<b>1,063</b>
Non-current borrowings	–
Current borrowings	–
Trade payables	–
Other liabilities	–
<b>Total liabilities</b>	<b>–</b>
<b>Total identifiable net assets at fair value</b>	<b>1,063</b>
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)
<b>Total purchase consideration</b>	<b>1,060</b>
Cash consideration transferred*	–
Less: cash acquired	(3)
<b>Total purchase consideration, net of cash acquired</b>	<b>(3)</b>

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

## 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 beat pulp, soyameal, vegetable oil, rapeseed 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 its 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.

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

Group	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 eliminations	Total
<b>Financial year ended 30 September 2020</b>								
<b>Revenue</b>								
Third parties	171,558	45,662	4,820	17,273	13	–	–	239,326
Intersegment	177	2,249	5,923	–	–	–	(8,349) <sup>1)</sup>	–
<b>Total revenue</b>	<b>171,735</b>	<b>47,911</b>	<b>10,743</b>	<b>17,273</b>	<b>13</b>	<b>–</b>	<b>(8,349)<sup>1)</sup></b>	<b>239,326</b>
<b>Results</b>								
Operating expenses	(2,060)	(3,449)	(781)	(1,914)	–	(193)	–	(8,397)
<b>Segment operating profit (loss)</b>	<b>3,320</b>	<b>2,052</b>	<b>(391)</b>	<b>164</b>	<b>(13)</b>	<b>(205)</b>	<b>–</b>	<b>4,927</b>

Group	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 eliminations	Total
<b>Financial year ended 30 September 2019</b>								
<b>Revenue</b>								
Third parties	84,820	39,600	5,358	19,573	–	–	–	149,351
Intersegment	1,122	2,018	3,725	–	–	–	(6,865) <sup>1)</sup>	–
<b>Total revenue</b>	<b>85,942</b>	<b>41,618</b>	<b>9,083</b>	<b>19,573</b>	<b>–</b>	<b>–</b>	<b>(6,865)<sup>1)</sup></b>	<b>149,351</b>
<b>Results</b>								
Operating expenses	(1,802)	(3,856)	(701)	(1,843)	(14)	(915)	–	(9,131)
<b>Segment operating profit (loss)</b>	<b>743</b>	<b>971</b>	<b>(814)</b>	<b>1,400</b>	<b>5</b>	<b>(938)</b>	<b>–</b>	<b>1,367</b>

1) Intersegment revenue is eliminated on consolidation.

#### 4. Segment Information (cont'd)

Below is the information relating to the geographical segments of the Group:

<b>Revenue from external customers</b>	<b>3 month period ended</b>	
	<b>30 September 2020</b>	<b>30 September 2019</b>
Lithuania	56,559	48,209
Europe (except for Scandinavian countries, CIS and Lithuania)	106,156	58,907
Scandinavian countries	29,874	21,482
Asia	13,277	12,568
Africa	23,589	3,847
CIS	9,871	4,338
	<b>239,326</b>	<b>149,351</b>

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

<b>Non-current assets</b>	<b>As at 30 September 2020</b>	<b>As at 30 June 2020</b>
Lithuania	95,855	93,701
Latvia	61,204	61,823
Estonia	874	890
Ukraine	16	19
	<b>157,949</b>	<b>156,433</b>

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

## 5. Intangible Assets

<b>Group</b>	<b>Software</b>	<b>Other intangible assets</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost:</b>				
Balance as at 30 June 2019	1,089	750	1,971	3,810
Additions	167	7	–	174
Reclassifications	484	(484)	–	–
Write-offs	(182)	(1)	–	(183)
Balance as at 30 June 2020	1,558	272	1,971	3,801
Additions	2	13	–	15
Acquisition of subsidiary	–	126	–	126
Write-offs	–	(17)	–	(17)
Balance as at 30 September 2020	1,560	394	1,971	3,925
<b>Accumulated amortization:</b>				
Balance as at 30 June 2019	687	110	–	797
Charge for the year	138	22	–	160
Write-offs	(181)	(1)	–	(182)
Balance as at 30 June 2020	644	131	–	775
Charge for the year	40	–	–	40
Write-offs	–	(17)	–	(17)
Balance as at 30 September 2020	684	114	–	798
<b>Impairment losses:</b>				
Balance as at 30 June 2019	–	–	1,121	1,121
Balance as at 30 June 2020	–	–	1,121	1,121
Balance as at 30 September 2020	–	–	1,121	1,121
<b>Net book value as at 30 September 2020</b>	<b>876</b>	<b>280</b>	<b>850</b>	<b>2,006</b>
<b>Net book value as at 30 June 2020</b>	<b>914</b>	<b>141</b>	<b>850</b>	<b>1,905</b>
<b>Net book value as at 30 June 2019</b>	<b>402</b>	<b>639</b>	<b>850</b>	<b>1,891</b>

## 6. Property, Plant and Equipment

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
<b>Cost:</b>							
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 subsidiary	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)
Reclassifications	5	5,571	424	28	1,052	(7,080)	–
Transfer to/from stocks	–	–	1,554	–	–	–	1,554
Balance as at 30 June 2020	38,098	115,300	63,569	8,171	6,005	2,927	234,070
Additions	1,205	26	3,567	312	87	745	5,942
Disposals and write-offs	(567)	(20)	(847)	(230)	(53)	(82)	(1,799)
Reclassifications	6	299	545	–	9	(859)	–
Transfer to/from stocks	–	–	154	–	–	–	154
Balance as at 30 September 2020	38,742	115,615	66,988	8,253	6,038	2,731	238,367
<b>Accumulated depreciation:</b>							
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
Charge for the year	516	1,229	1,499	291	161	–	3,696
Disposals and write-offs	(26)	(13)	(453)	(167)	(47)	–	(706)
Balance as at 30 September 2020	2,300	44,893	29,335	3,629	3,442	–	83,599
<b>Impairment losses:</b>							
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
Disposals and write-offs	–	–	(104)	–	(1)	–	(105)
Balance as at 30 September 2020	–	667	58	–	34	–	759
<b>Net book value as at 30 September 2020</b>	<b>36,442</b>	<b>70,055</b>	<b>37,595</b>	<b>4,624</b>	<b>2,562</b>	<b>2,731</b>	<b>154,009</b>
<b>Net book value as at 30 June 2020</b>	<b>36,288</b>	<b>70,956</b>	<b>35,118</b>	<b>4,666</b>	<b>2,642</b>	<b>2,927</b>	<b>152,597</b>
<b>Net book value as at 30 June 2019</b>	<b>21,427</b>	<b>66,598</b>	<b>31,439</b>	<b>2,510</b>	<b>1,634</b>	<b>4,470</b>	<b>128,078</b>

## 7. Investment Property

Investment property of the Group consists of land and buildings leased out under the operating lease which generates lease income.

<b>Cost:</b>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Balance as at 30 June 2019	1,039	124	1,163
Additions	51	4	55
Acquisition of subsidiary	1,060	–	1,060
Disposals and write-offs	(262)	–	(262)
Transfer from tangible asset	24	–	24
Balance as at 30 June 2020	1,912	128	2,040
Additions	–	10	10
Disposals and write-offs	(6)	–	(6)
Balance as at 30 September 2020	1,906	138	2,044
<b>Accumulated depreciation:</b>			
Balance as at 30 June 2019	3	51	54
Charge for the year	1	3	4
Disposals and write-offs	(3)	–	(3)
Balance as at 30 June 2020	1	54	55
Charge for the year	–	1	1
Balance as at 30 September 2020	1	55	56
<b>Impairment losses:</b>			
Balance as at 30 June 2019	51	–	51
Charge for the year	–	3	3
Balance as at 30 June 2020	51	3	54
Balance as at 30 September 2020	51	3	54
<b>Net book value as at 30 September 2020</b>	<b>1,854</b>	<b>80</b>	<b>1,934</b>
<b>Net book value as at 30 June 2020</b>	<b>1,860</b>	<b>71</b>	<b>1,931</b>
<b>Net book value as at 30 June 2019</b>	<b>985</b>	<b>73</b>	<b>1,058</b>

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

## 8. Borrowings

	As at 30 September 2020	As at 30 June 2020
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	17,987	18,692
Other non-current borrowings	34	–
	<b>18,021</b>	<b>18,692</b>
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	12,074	13,130
Current bank borrowings secured by the Group assets	120,263	92,476
Other current borrowings (Note 13)	4,129	253
	<b>136,466</b>	<b>105,859</b>
	<b>154,487</b>	<b>124,551</b>

Interest payable is normally settled monthly throughout the financial year.

## 9. Finance lease obligation

	As at 30 September 2020	As at 30 June 2020
<b>Non-current</b>		
Finance lease obligation related to right-of-use assets	15,425	15,647
Finance lease obligation related to other assets	3,729	3,831
	<b>19,154</b>	<b>19,478</b>
<b>Current</b>		
Finance lease obligation related to right-of-use assets	3,794	3,804
Finance lease obligation related to other assets	1,341	1,188
	<b>5,135</b>	<b>4,992</b>
	<b>24,289</b>	<b>24,470</b>

## 10. Operating Expenses

	2020/2021 1 Q	2019/2020 1 Q
Wages and salaries and social security	(5,293)	(5,773)
Consulting expenses	(167)	(186)
Depreciation and amortization	(479)	(452)
Other	(2,458)	(2,720)
	<b>(8,397)</b>	<b>(9,131)</b>

## 11. Other Income (Expenses)

<b>Other income</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>1 Q</b>	<b>1 Q</b>
Grants received for agriculture activity	375	248
Grants for poultry activity, related with COVID 19	430	–
Gain from currency exchange	100	–
Rental income from investment property and property, plant and equipment	47	46
Gain from disposal of investment property and property, plant and equipment	133	107
Dividend income	–	–
Change in fair value of financial instruments	100	56
Other income	35	167
	<b>1,220</b>	<b>624</b>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(52)	(52)
Change in fair value of financial instruments	(878)	(442)
Loss from acquisition of subsidiaries (Note 3)	(105)	–
Other expenses	(37)	(114)
	<b>(1,072)</b>	<b>(608)</b>

## 12. Commitments and Contingencies

As at 30 September 2020 the Group is committed to purchase property, plant and equipment for the total amount of EUR 1,240 thousand (EUR 1 341 thousand as at 30 June 2020).

A few Group companies (Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Sidabravo ŽŪB, Kėdainių district Nemunas ŽŪB and Panevėžys district Žibartonių ŽŪB) received grants from the European Union and National Paying Agency for acquisition of agricultural equipment.

Panevėžys district Aukštadvario ŽŪB, Sidabravo ŽŪB are committed not to discontinue operations related to agricultural up to the end of 2021, Šakiai district Lukšių ŽŪB – up to 2020 and 2021, Kėdainių district Nemunas ŽŪB Panevėžys district Žibartonių ŽŪB – up to 2022. UAB Linas Agro Grūdų Centras KŪB received grants from the European Union and National Paying Agency (Lithuania) for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up to 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 2 509 thousand as at 30 September 2020 (EUR 2 858 thousand as at 30 June 2020). Group has no plans to discontinue above mentioned operations.

In August 2018 the Group company AB Linas Agro received a ruling from the Customs of the Republic of Lithuania (hereafter – Customs) stating that Customs made additional calculation for the calendar year 2016 – 2017. The decision increased the taxes in EUR 644 thousand for fertilizers import in mentioned period. The AB Linas Agro management estimate the possibility to pay the taxes is 50 % and recognized as accruals in EUR 322 thousand amount. AB Linas Agro management does not concur with Customs assessment and the decision is appealed. During the year ended 30 June 2019 the company AB Linas Agro paid custom tax amounted to EUR 496 thousand, which was accounted by reducing the accruals in EUR 248 thousand amount.

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 September 2020 and 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.

## 13.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 September 2019 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 Saulėgraža from March 2020 (Tomas Tumėnas is the Member of Supervisory Board).  
 UAB Nacionalinė Farmacijos Grupė from May 2020 (Tomas Tumėnas is a the Member of Board).  
 Jonas Bakšys from June 2017 till present is the Member of Board at Lobiu Sala AS (Sweden).  
 Vividum UAB (Lithuania) (Jonas Bakšys joint community property with spouse together).

The Group's transactions with related parties in 3 month period ended 30 September 2020 were as follows:

### **2020 1 Q**

	<i>Purchases</i>	<i>Sales</i>	<i>Receivables</i>		<i>Non-current loans receivable</i>	<i>Payables</i>	<i>Current payable loans</i>
			<i>Trade receivables</i>	<i>Other receivable</i>			
Akola ApS group companies	–	3,005	475	–	–	93	4,000
Members of management board	–	–	–	–	–	–	–

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 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 nor due neither impaired as at 30 September 2020 and 30 June 2020.

## 14. Subsequent Events

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

On 26 November a subsidiary of AB Linas Agro Group UAB Linas Agro Konsultacijos sold subsidiary companies SIA Zemvalda Land Management Holdings 1-7 „, with belonging companies for EUR 13,603 thousand.



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

for the Three-month Period,  
Ended 30 September, 2020



# 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
Fax	+370 45 50 73 04
E-mail	group@linasagro.lt
Website	www.linasagrogro.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. At the end of the reporting period the Group had 63 companies and 2,116 employees. The Company does not have any branches and representative offices.

## Contact Person

Finance Director

Mažvydas Šileika

Ph. + 370 619 19 403

Email m.sileika@linasagro.lt

# Information about subsidiaries of the Company

The Company controlled 62 companies\* in Lithuania, Latvia, Estonia and Ukraine as at 30 September 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).



# 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.



products &  
service for  
farming



agricultural  
production



grain & feedstuff  
handling &  
merchandising



food  
products

## Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in three months of 2020/21 financial year totaled EUR 239 million and was 60% more as compared to previous year (EUR 149 million).
- The Group's sales volume in tons reached 769 thousand tons of various products and was 75% more as compared to previous year (438 thousand tons).
- The gross profit reached EUR 13.2 million and was 26% higher than a year before (EUR 10.5 million).
- Consolidated EBITDA amounted to EUR 9.2 million and was 92% higher as compared to the previous year (EUR 4.8 million).
- The Group's operating profit was EUR 4.9 million or 260% more as compared to the respective period of the previous year (EUR 1.4 million).
- Profit before taxes amounted to EUR 4.5 million (compared to EUR 0.9 million in previous year). The net profit attributable to the Group stood at EUR 3.9 million (EUR 0.6 million in previous year).

## Financial ratios

	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>3 months</b>				
Sales in tons	768,409	438,161	409,619	435,483	500,620
Revenue (thousand EUR)	239,326	149,351	156,159	129,192	152,920
Gross profit (thousand EUR)	13,176	10,482	12,396	14,524	14,199
EBITDA (thousand EUR)	9,196	4,769	7,115	8,506	8,293
Operating profit (thousand EUR)	4,927	1,367	4,437	5,617	5,994
Net profit (thousand EUR)	3,861	703	3,403	4,715	4,444

## Overview

As per data of International Grain Council (IGC), the world grain and oilseed production will be around 2,225.6 million tons in 2020/2021 or 40.2 million tons higher than in 2019/2020. World grain ending stocks are expected to reach 619.1 million tons at the end of the 2020/2021 harvest year, that would be 2.6 million tons more compared to the stocks at the end of the 2019/2020 harvest year. In July-September, world grain prices were 15-20 euros higher than last year, for instance, the future price of wheat on the Euronext exchange for December deliveries fluctuated around 185-195 euros per ton, compared to 165-175 euros per ton a year ago.

In Lithuania, the total grain and rapeseed yield this year was the highest in the country's history. About 5.98 million tons of cereals (including 4.46 million tons of wheat) were harvested or 15% more than a year before. The yield of legumes increased by 32.5% to 0.4 million tons, and rapeseed – went 34% up to 0.92 million tons. Stocks of cereals and oilseeds held at the end of September in Lithuanian purchasing companies had record highs: 3.28 million tons or 12.3% more than last year. The stocks of oilseeds increased the most - compared to September of the previous year, they increased by as much as 31.8%.

As much as 3.4 million tons of grain were grown in Latvia or 8% more than last year, rapeseed yield was 0.45 million tons or 10% higher than a year before.

In Estonia, 1.55 million tons of grain were grown or 4% less than previous year, rapeseed yield was 0.20 million tons or 6% more than a year before.

The sales volume of AB Linas Agro Group grew 75% during the reporting period from 438 thousand tons the year before to 768 thousand tons.

Group's consolidated revenue of the first three months of 2020/21 financial year amounted to EUR 239 million and was 60% more as compared to previous year (EUR 149 million). Revenue of the largest Group's business Segment 'Grain and Feedstuff Handling and Merchandising' went up 100% from EUR 86 million to EUR 172 million. Sales in business Segment 'Products and Services for Farming' increased by 15.1%, where revenues from seeds and plant protection products businesses went up 3.7% and 27.4% accordingly, while sales of fertilizers remained at the same level and sales of agricultural machinery grew by 32.4%. Revenue from business Segment 'Food products' went down 11.8% and amounted to EUR 17.2 million. Due to the higher yields the crop production in Group controlled farms was 40% higher as compared to 2019 year and Segment's revenue went up 18.2% to EUR 10.7 million.

Group's operating profit amounted to EUR 4.9 million and EBITDA was EUR 9,2 million compared to the corresponding EUR 1.4 million and EUR 4.8 million in previous year. Group's net profit amounted to EUR 3.9 million as compared to EUR 0.7 million in 2019/20 financial year.

## Financial Costs

Due to efficient utilization of debt capital interest rate cost decreased over referenced period and amounted to EUR 0.88 million compared to that in 2019/20 financial year (EUR 0.9 million). The total amount of financial loans portfolio (including leasing) dropped from EUR 186 million to EUR 180 million. The amount of financial loans grew by EUR 30 million over Q1 due to increased demand for working capital.

## Cash Flow

Group's cash flow from operating activities before the changes in the working capital was positive and amounted to EUR 8 million as compared to negative EUR 7.3 million of the corresponding period of the previous year. Cash flow from operating activities after changes in working capital was negative and amounted to EUR 23.6 million (negative EUR 7.7 million over the respective period of 2019/20 financial year), the reason was increase of stocks by EUR 75.8 million. Group's cash and cash equivalents amounted to EUR 9.3 million at the end of the reporting period (EUR 7.6 million in 2019/20 financial year).

## Performance Results of the Segments

Activities of the Group are divided into four main business Segments and 'Other' activities.

### Operating Profit (loss) by Segments, thousand euro

	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>3 months</b>				
Grain and Feedstuff Handling and Merchandising	3,320	743	2,385	4,368	5,570
Products and Services for Farming	2,052	971	1,892	847	1,406
Agricultural Production	(391)	(814)	(424)	547	(478)
Food products	164	1,400	1,653	1,309	548
Other	(13)	5	(196)	3	(1)

## 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. 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, 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), LLC Linas Agro Ukraine (Ukraine).

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

Linus 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 season was great for farmers due to the record harvest, the grain quality is very good or perfect.

Group's own grain elevators have handled 37% more grain for export than last year or almost 513 thousand tons, the increase in Lithuania was 43% and in Latvia - 17%.

The main export commodity of the Group is Lithuanian and Latvian wheat. The sales of traditional products - wheat, barley and rapeseed – increased as their trade volume in tons went up 112% to 538 million tons. Feedstuff trading volume was 109 million tons or 36% more than a year before.

The revenue of this business Segment went up 100% up year-on-year to EUR 171.7 million and operating profit amounted to EUR 3.3 million as compared to EUR 0.7 million in FY 2019/20.

The Group's management forecasts that the operating profit of this business Segment this year will be 20% higher compared to previous year.

## 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.

The subsidiary UAB Dotnuva Baltic has a seed processing factory and has prepared 10.5 thousand tons of seeding material during the reporting period, or 14.5% more than last year. The company has a certificate in packing and wholesale trade of organic seeds issued by the PE Ekoagros.

The Group estimates that winter oilseed rape was sown in Lithuania in smaller area than last year, while the area of winter cereals is similar to 2019. As a result, the winter oilseed rape seed market shrank and cereals seed market remained at last year's level. As the harvesting conditions were favorable, the farms harvested good quality grain and therefore used their own seed on the farm. However, the Group managed to sell 12.9 thousand tons of seeds or 28.9% more than a year before. Revenue from seed trade increased by 3.7% and amounted to EUR 8.3 million.

The prevailing market conditions - good yields, high grain prices - were favorable for the fertilizer trade. Sales volume of fertilizers increased by 5.1% as compared to previous year, however sales revenue was flat due to lower market prices and equal to EUR 13.7 million.

Weather conditions were favorable for the use of plant protection products for a long period, leading to a sharp increase in demand for autumn cereal herbicides. The market also grew slightly for the reason that farmers were more optimistic about the future due to a good harvest, as the financial situation of farms has improved significantly. Sales of micronutrients were increased by increased areas of winter crops, as foliar fertilization with micronutrient fertilizers was used more intensively to form the resistance of plants to unfavorable wintering conditions. The production and launch of new products (BIO Mineral) have also responded to sales growth. Total sales of crop care products and micronutrients increased by 27.4% to EUR 6.3 million.

A successful harvest season has helped farms to invest more boldly in the purchase of machinery. Small and medium-sized farmers have successfully used EU support to buy tractors, tillage equipment and sprayers

for crop care. The tractor market in Lithuania grew by 37%, and the Group's tractor sales grew by as much as 47%, which allowed it to take the second place in the market and have 19% share of the market. There has been a lot of interest this year in rotary harvesters and corn harvesters. The machinery of the three new suppliers, which has been traded since spring, is being actively promoted, this quarter has been successful for sales, and a number of contracts have been signed for spring delivery.

The used machinery market remained at a similar level as last year, with greater interest felt before the harvest season. After it, demand subsided and sales in the first quarter were lower than in previous year. The sales of new and used agricultural machinery increased by 15% in Lithuania, 50% in Latvia and by 91% in Estonia.

Equipment rental is still relevant for large farms, which are no longer eligible for EU support. Therefore, rent of larger tractors, combines and harvesters for service, corn threshing, was successful.

More difficult weather conditions than last year and higher technical loads during harvesting in Lithuania and Latvia increased the need for spare parts and services compared to previous year. Revenues from these activities grew by 35% in Lithuania and 45% in Latvia. In Estonia, harvesting conditions were good, so revenue from service and spare parts sales remained at the same level. The total revenue from the agricultural machinery service and spare parts supply went 31% up to EUR 4 million.

There are visible signs of recovery in the grain preparation and farm equipment business. EUR 1.4 million were received from installation projects or three times more than in previous year.

The revenue of this business Segment went up 15% to EUR 47.9 million and operating profit was EUR 2 million being 111% higher as compared to previous year.

The Group's management forecasts the operating profit of this business Segment to be 20% higher compared to previous year.

## 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 in Q3 of previous financial year.

At the end of the reporting period, the companies cultivated 18,300 hectares of land. The Group owned 8,007 ha of arable land at the end of the reporting period. During the reporting period, 96.5 thousand tons of crops were harvested or almost 40% more than a year before.

Over 10 thousand hectares of crops have been sown for the harvest of 2021 year. At the end of the reporting period, major crops were in very good condition.

The Group's agricultural companies had 3,247 dairy cows at the end of the reporting period, or 1.6% more than a year before. Milk production totaled 8.8 thousand tons and was 8% higher than during the corresponding period last year.

As much as 31.5 thousand tons of crop production have been sold over the reporting period or 42.6% more than a year before, milk sales volume exceeded 8.8 thousand tons and was 8.3% more than a year before, live bovine animal sales volume was 505 tons (383 tons a year before).

The purchase price of milk has finally started to rise after a long stay in the lowlands and increased by 1% compared to the corresponding period of the previous year.

Income from crop production grew by 42.7 %, milk sale revenue went up 7.7%. Revenue of this business Segment increased by 18.3% to EUR 10,7 million and operating loss decreased to EUR 0.4 million.

The Group's management expects the operating profit of this business Segment to be 20% higher compared to previous year.

## Food Products

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

AS Putnu Fabrika Kekava – No1 poultry producer in Latvia with full poultry manufacturing cycle, including egg incubation, chicken hatching, broiler breeding, production of fresh poultry and processed products under brand name 'Kekava'. 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. 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 3% as compared to the same period of the previous year and amounted to EUR 185.41 /100 kg. The HORECA sector in the Baltic and Scandinavian countries has not recovered to its previous level, and the second wave of the pandemic is likely to make the next quarter of the financial year even more difficult, with chicken supply significantly outstripping demand. The average price of poultry meat sold by the Group decreased by 8% due to the unfavorable situation on the domestic and major export markets related to the COVID-19 pandemic and the resulting restrictions, including lockdowns and other restrictions in various countries.

The poultry companies produced over 11 thousand tons of live weight poultry during the reporting period or the same quantity like last year. They sold almost 8 thousand tons of poultry and poultry products during the reporting period or almost 4% less than last year.

Revenue from this business Segment decreased by 11.8% to EUR 17.2 million. The operating profit was 88.3% lower and equal to EUR 0.16 million.

The Group's management estimates the operating profit of this business Segment to be lower by 15% this year.

## Other

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

The operating loss of this business Segment amounted to EUR 13 thousand as compared to 5 thousand euros profit in previous year.

# The Publicly Disclosed Information and Other Events of the Reporting Period

## The Publicly Disclosed Information

During the reporting period ended 30 September 2020, the Company publicly disclosed and distributed via Nasdaq Vilnius Exchange Globenewswire system and in Company's website [www.linasagrogroup.lt](http://www.linasagrogroup.lt) the following information:

31/8/2020 20:36 EEST	AB Linas Agro Group performance and financial results for 12-month period of FY 2019/20	Interim information	LT, EN
24/8/2020 9:35 EEST	Notification on the disposal of voting rights	Acquisition or disposal of a block of shares	LT, EN
21/8/2020 8:05 EEST	Notification on the disposal of voting rights	Acquisition or disposal of a block of shares	LT, EN
20/8/2020 16:54 EEST	Notification about changes in voting rights	Acquisition or disposal of a block of shares	LT, EN
19/8/2020 18:09 EEST	Notification on the disposal of voting rights	Acquisition or disposal of a block of shares	LT, EN
31/7/2020 9:30 EEST	Dotnuva Baltic, a subsidiary AB Linas Agro Group, buys a start-up and will offer a precision farming system to the market	Other information	LT, EN

## Other Events of the Reporting Period

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.

## Subsequent Events

26/11/2020	UAB Linas Agro Konsultacijos sold shares of SIA "Zemvalda land management holdings 1", SIA "Zemvalda land management holdings 2", SIA "Zemvalda land management holdings 3", SIA "Zemvalda land management holdings 4", SIA "Zemvalda land management holdings 5", SIA "Zemvalda land management holdings 6", SIA "Zemvalda land management holdings 7".
23/11/2020	The Ordinary General Meeting of shareholders was convened.
13/11/2020	Capital of SIA "Zemvalda land management holdings 1" was increased by 2,523,910 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 2" was increased by 1,999,328 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 3" was increased by 1,873,288 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 4" was increased by 2,355,579 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 5" was increased by 2,471,172 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 6" was increased by 980,978 euros.
13/11/2020	Capital of SIA "Zemvalda land management holdings 7" was increased by 1,113,343 euros.
November 2020	UAB Linas Agro Grūdų centras KŪB acquired shares of Karčemos Kooperatinė Bendrovė from the Group company, also acquired 68,55% shares of ŽŪK Kupiškio Grūdai from the Group companies.
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.

# Prices and Turnover of Shares of AB Linas Agro Group

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 September 2020, is presented in the following diagram:

