

## Confirmation of the responsible persons

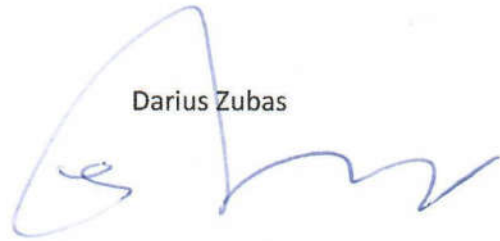
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Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Bank of Lithuania, we, Darius Zubas, Managing Director of AB Linas Agro Group and Tomas Tumėnas, Finance 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 2019/20, 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 2019/20 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

29 November 2019

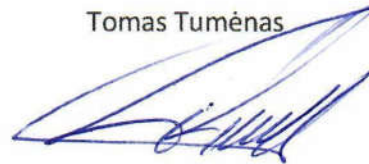
Darius Zubas



Finance Director of AB Linas Agro Group

29 November 2019

Tomas Tumėnas



# AB Linas Agro Group Consolidated unaudited Financial Statements

*for the Three-month Period  
Of The Financial Year 2019/20*

*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 2019	As at 30 June 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	1,829	1,891
Property, plant and equipment	6	148,500	128,078
Investment property	7	1,058	1,058
Animals and livestock		9,613	9,425
Non-current financial assets			
Other investments and prepayments for financial assets		16	16
Non-current receivables		2,817	2,435
Total non-current financial assets		2,833	2,451
Non-current prepayments		1,790	1,649
Deferred income tax asset		4,439	4,476
<b>Total non-current assets</b>		<b>170,062</b>	<b>149,028</b>
<b>Current assets</b>			
Crops		3,674	14,222
Livestock		2,125	2,548
Inventories		159,553	89,817
Current prepayments		3,402	6,984
Accounts receivable			
Trade receivables		76,251	111,960
Receivables from related parties	13	284	2
Income tax receivable		410	547
Other accounts receivable and contract assets		4,287	7,476
Total accounts receivable		81,232	119,985
Derivative financial instruments		56	37
Other current financial assets		1,439	1,140
Cash and cash equivalents		10,058	7,637
<b>Total current assets</b>		<b>261,539</b>	<b>242,370</b>
<b>Total assets</b>		<b>431,601</b>	<b>391,398</b>

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

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

	Notes	As at 30 September 2019	As at 30 June 2019
<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 reserve		4,344	4,389
Reserve for own shares		5,000	5,000
Own shares		(448)	(448)
Foreign currency translation reserve		(6)	(17)
Retained earnings		90,578	89,955
<b>Total equity attributable to equity holders of the parent</b>		<b>168,599</b>	<b>168,010</b>
<b>Non-controlling interest</b>		<b>2,139</b>	<b>2,060</b>
<b>Total equity</b>		<b>170,738</b>	<b>170,070</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		6,052	6,121
Non-current borrowings	8	25,807	19,793
Finance lease obligations	9	18,209	2,455
Deferred income tax liability		163	92
Non-current employee benefits		616	624
Other non-current liabilities		407	378
<b>Total non-current liabilities</b>		<b>51,254</b>	<b>29,463</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	8	7,438	13,411
Current portion of finance lease obligations	9	4,985	875
Current borrowings	8, 13	127,629	113,539
Trade payables		43,809	42,257
Payables to related parties		18	242
Income tax payable		71	14
Derivative financial instruments		1,260	632
Contract liability		2,220	2,322
Other current liabilities		22,179	18,573
<b>Total current liabilities</b>		<b>209,609</b>	<b>191,865</b>
<b>Total equity and liabilities</b>		<b>431,601</b>	<b>391,398</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	2019/2020 1 Q	2018/2019 1 Q
Sales	4	149,351	156,159
Cost of sales		(138,869)	(143,763)
<b>Gross profit</b>		<b>10,482</b>	<b>12,396</b>
Operating (expenses)	10	(9,131)	(8,637)
Other income	11	624	546
Other (expenses)		(608)	132
<b>Operating profit</b>		<b>1,367</b>	<b>4,437</b>
Income from financing activities		422	113
(Expenses) from financing activities		(904)	(774)
<b>Profit before tax</b>		<b>885</b>	<b>3,776</b>
Income tax		(182)	(373)
<b>Net profit</b>		<b>703</b>	<b>3,403</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		617	3,272
Non-controlling interest		86	131
		<b>703</b>	<b>3,403</b>
Basic and diluted earnings per share (EUR)		0.01	0.02
<b>Net profit</b>		<b>703</b>	<b>3,403</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		11	(2)
<b>Total other comprehensive income, to be reclassified to profit or loss in subsequent periods</b>		<b>11</b>	<b>(2)</b>
<b>Total comprehensive income, after tax</b>		<b>714</b>	<b>3,401</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		628	3,270
Non-controlling interest		86	131
		<b>714</b>	<b>3,401</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 2018</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>3,379</b>	<b>–</b>	<b>(22)</b>	<b>102,951</b>	<b>174,986</b>	<b>2,088</b>	<b>177,074</b>
Net profit for the year		–	–	–	–	–	–	3,272	3,272	131	3,403
Exchange differences on translation of foreign operations		–	–	–	–	–	(2)	–	(2)	–	(2)
Total comprehensive income		–	–	–	–	–	(2)	3,272	3,270	131	3,401
Dividends declared by the subsidiaries		–	–	–	–	–	–	–	–	(1)	(1)
Acquisition of minority interest		–	–	–	–	–	–	1	1	(2)	(1)
<b>Balance as at 30 September 2018</b>		<b>46,093</b>	<b>(453)</b>	<b>23,038</b>	<b>3,379</b>	<b>–</b>	<b>(24)</b>	<b>106,224</b>	<b>178,257</b>	<b>2,216</b>	<b>180,473</b>
<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>

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

## Consolidated Cash Flow Statement

	Notes	2019/2020 1 Q	2018/2019 1 Q
<b>Cash flows from (to) operating activities</b>		703	3,403
Net profit			
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation		3,466	2,502
Subsidies amortisation		(143)	(102)
(Gain) on disposal of property, plant and equipment		(107)	(51)
Change in allowance and write-offs for receivables and prepayments		165	191
Inventories write down to net realisable value		31	30
Change of provision for onerous contracts		(276)	–
Change in accrued expenses		592	(4,072)
Change in fair value of biological assets		263	(550)
Change in deferred income tax		390	267
Change in accrued share-based payment		(45)	–
Current income tax expenses		73	104
Expenses (income) from change in fair value of financial instruments		1,692	(6,334)
Dividend (income)		–	(3)
Interest (income)		(422)	(113)
Interest expenses		903	774
		<b>7,285</b>	<b>(3,954)</b>
<b>Changes in working capital:</b>			
Decrease in biological assets		10,499	9,751
(Increase) in inventories		(70,850)	(83,856)
Decrease (increase) in prepayments		3,531	5,080
Decrease in trade and other accounts receivable		36,790	30,190
(Increase) in restricted cash		(200)	(363)
Increase in trade and other accounts payable		5,379	(4,562)
Income tax (paid)		(91)	(111)
<b>Net cash flows from (to) operating activities</b>		<b>(7,657)</b>	<b>(47,825)</b>

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

## Consolidated Cash Flow Statement (cont'd)

	Notes	2019/2020 1 Q	2018/2019 1 Q
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(3,588)	(4,650)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		363	208
Loans (granted)		–	(67)
Repayment of granted loans		25	65
Interest received		422	13
Dividend received		–	3
<b>Net cash flows from (to) investing activities</b>		<b>(2,778)</b>	<b>(4,428)</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		53,205	66,120
(Repayment) of loans		(38,979)	(13,005)
Finance lease (payments)		(465)	(181)
Interest (paid)		(904)	(713)
Acquisition of non-controlling interest		(1)	(1)
<b>Net cash flows from (to) financing activities</b>		<b>12,856</b>	<b>52,220</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>2,421</b>	<b>(33)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>10,058</b>	<b>10,495</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>7,637</b>	<b>10,462</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by finance lease		1,390	203

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 2019 and as at 30 June 2018 the shareholders of the Company were:

	As at 30 September 2019		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 %
Swedbank AS (Estonia) clients	4,048,735	2.55 %	4,048,735	2.55 %
Other shareholders (private and institutional investors)	27,932,501	17.57 %	27,932,501	17.57 %
<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 2019 (EUR 0.29 each as at 30 June 2019) and were fully paid as at 30 September 2019 and as at 30 June 2019.

The Company holds 772,972 of its own shares, percentage 0.50%, as at 30 September 2019 (772,972 as at 30 June 2019). Subsidiaries and other related companies did not hold any shares of the Company as at 30 September 2019 and as at 30 June 2019.

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

As at 30 September 2019 the number of employees of the Group was 2,148 (2,113 as at 30 June 2019).

No changes in share capital occurred during the years ending 30 September 2019 and 30 June 2019.

### 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 2018/2019 financial year.

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

As at 30 September 2019 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		Main activities
		30 September 2019	30 June 2019	
<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
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100%	Rent and management of agricultural purposes land
Noreikiškių ŽŪB	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	97.11%	97.11%	Broiler breeding, slaughtering and sale of products
SIA PFK Trader	Latvia	97.11%	97.11%	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	97.11%	97.11%	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
Linas Agro A/S (under liquidation)	Denmark	100%	100%	Not operating company
ŽŪB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	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 2019	30 June 2019	
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)</b>				
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	99.13%	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	96.06%	95.92%	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
<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 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	20%*	20%*	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	4.00%*	4.00%*	Preparation and warehousing of grains for trade

\* The Group indirectly controls 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 and, therefore, it has been consolidated when preparing these financial statements.

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

#### Changes in the Group during the 3 month period ended 30 September 2019

During 3 month period, ended 30 September 2019, the Group acquired 0.14% Sidabravo ŽŪB share capital for EUR 1 thousand. The shares were acquired from the non-controlling shareholders. The difference of EUR 6 thousand of gain between the consideration transferred and the carrying value of the interest acquired has been recognized within equity.

#### Changes in the Group during the year 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.

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 EUR 1,213 thousand, UAB Lineliai EUR 50 thousand, ŽŪB Noreikiškių EUR 30 thousand, ŽŪB Landvesta 5 EUR - 45 thousand.

The Group increased the share capital of SIA Linas Agro by EUR 1,000 thousand, Panevėžys district Aukštadvario ŽŪB EUR 1,010 thousand, Kėdainiai district Labūnavos ŽŪB EUR 200 thousand, UAB Gerera 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.

### 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, 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 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 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>

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

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 elimina- tions	Total
<b>Financial year ended 30 September 2018</b>								
<b>Revenue</b>								
Third parties	90,674	41,182	5,124	19,400	(221)	–	–	156,159
Intersegment	294	2,234	2,543	–	–	–	(5,071) <sup>1)</sup>	–
<b>Total revenue</b>	<b>90,968</b>	<b>43,416</b>	<b>7,667</b>	<b>19,400</b>	<b>(221)</b>	<b>–</b>	<b>(5,071)<sup>1)</sup></b>	<b>156,159</b>
<b>Results</b>								
Operating expenses	(2,341)	(3,248)	(589)	(1,600)	(5)	(854)	–	(8,637)
<b>Segment operating profit (loss)</b>	<b>2,385</b>	<b>1,892</b>	<b>(424)</b>	<b>1,653</b>	<b>(196)</b>	<b>(873)</b>	<b>–</b>	<b>4,437</b>

1) Intersegment revenue is eliminated on consolidation.

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

Revenue from external customers	3 month period ended	
	30 September 2019	30 September 2018
Lithuania	48,209	47,508
Europe (except for Scandinavian countries, CIS and Lithuania)	58,907	50,191
Scandinavian countries	21,482	28,246
Asia	12,568	13,401
Africa	3,847	9,556
CIS	4,338	7,257
	<b>149,351</b>	<b>156,159</b>

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

Non-current assets	As at 30 September 2019	As at 30 June 2019
Lithuania	90,183	70,573
Latvia	60,282	59,515
Estonia	896	914
Denmark	26	25
	<b>151,387</b>	<b>131,027</b>

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

## 5. Intangible Assets

Group	Software	Other intangible assets	Provisional goodwill	Total
<b>Cost:</b>				
Balance as at 30 June 2018	1,039	277	1,971	3,287
Additions	51	196	–	247
Transfers from property, plant and equipment	–	292	–	292
Write-offs	(1)	(15)	–	(16)
Balance as at 30 June 2019	1,089	750	1,971	3,810
Additions	5	2	–	7
Write-offs	(7)	–	–	(7)
Reclassifications	484	(484)	–	–
Balance as at 30 September 2019	1,571	268	1,971	3,810
<b>Accumulated amortization:</b>				
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	20	43	–	63
Balance as at 30 September 2019	707	153	–	860
<b>Impairment losses:</b>				
Balance as at 30 June 2018	–	–	1,121	1,121
Balance as at 30 June 2019	–	–	1,121	1,121
Balance as at 30 September 2019	–	–	1,121	1,121
<b>Net book value as at 30 September 2019</b>	<b>864</b>	<b>115</b>	<b>850</b>	<b>1,829</b>
<b>Net book value as at 30 June 2019</b>	<b>402</b>	<b>639</b>	<b>850</b>	<b>1,891</b>
<b>Net book value as at 30 June 2018</b>	<b>458</b>	<b>188</b>	<b>850</b>	<b>1,496</b>

## 6. Property, Plant and Equipment

	Right of use assets	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 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)	(296)	(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	18,758	–	–	–	–	–	–	18,758
Additions	715	183	25	2,122	275	78	2,187	5,585
Disposals and write-offs	(234)	–	–	(453)	(738)	(179)	(69)	(1,673)
Reclassifications	–	–	341	276	77	53	(747)	–
Balance as at 30 September 2019	19,239	21,739	106,767	60,295	5,207	5,048	5,841	224,136
<b>Accumulated depreciation:</b>								
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	976	12	1,076	1,082	134	116	–	3,396
Disposals and write-offs	(12)	–	–	(449)	(511)	(169)	–	(1,141)
Balance as at 30 September 2019	964	141	40,212	27,381	2,706	3,367	–	74,772
<b>Impairment losses:</b>								
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	–	–	–	–	–	(7)	–	(7)
Balance as at 30 September 2019	–	–	667	163	–	35	–	865
<b>Net book value as at 30 September 2019</b>	<b>18,275</b>	<b>21,598</b>	<b>65,888</b>	<b>32,751</b>	<b>2,501</b>	<b>1,646</b>	<b>5,841</b>	<b>148,500</b>
<b>Net book value as at 30 June 2019</b>	<b>–</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>
<b>Net book value as at 30 June 2018</b>	<b>–</b>	<b>19,287</b>	<b>60,169</b>	<b>29,548</b>	<b>2,233</b>	<b>1,611</b>	<b>9,742</b>	<b>122,590</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 2018	1,293	131	1,424
Transfers to property, plant and equipment	(179)	–	(179)
Disposals and write-offs	(75)	(7)	(82)
Balance as at 30 June 2019	1,039	124	1,163
Balance as at 30 September 2019	1,039	124	1,163
<b>Accumulated depreciation:</b>			
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
Balance as at 30 September 2019	3	51	54
<b>Impairment losses:</b>			
Balance as at 30 June 2018	51	–	51
Balance as at 30 June 2019	51	–	51
Balance as at 30 September 2019	51	–	51
<b>Net book value as at 30 September 2019</b>	<b>985</b>	<b>73</b>	<b>1,058</b>
<b>Net book value as at 30 June 2019</b>	<b>985</b>	<b>73</b>	<b>1,058</b>
<b>Net book value as at 30 June 2018</b>	<b>1,240</b>	<b>76</b>	<b>1,316</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 2019	As at 30 June 2019
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	25,793	19,793
Other non-current borrowings	14	–
	<b>25,807</b>	<b>19,793</b>
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	7,421	13,411
Current bank borrowings secured by the Group assets	127,080	111,165
Other current borrowings (Note 12)	566	2,374
	<b>135,067</b>	<b>126,950</b>
	<b>160,874</b>	<b>146,743</b>

Interest payable is normally settled monthly throughout the financial year.

## 9. Finance lease obligation

	As at 30 September 2019	As at 30 June 2019
<b>Non-current</b>		
Finance lease obligation related to right-of-use assets	14,747	–
Finance lease obligation related to other assets	3,462	2,455
	<b>18,209</b>	<b>2,455</b>
<b>Current</b>		
Finance lease obligation related to right-of-use assets	3,528	–
Finance lease obligation related to other assets	1,457	875
	<b>4,985</b>	<b>875</b>
	<b>23,194</b>	<b>3,330</b>

## 10. Operating Expenses

	2019/2020 1 Q	2018/2019 1 Q
Wages and salaries and social security	(5,773)	(5,422)
Consulting expenses	(186)	(126)
Depreciation and amortization	(452)	(303)
Other	(2,720)	(2,786)
	<b>(9,131)</b>	<b>(8,637)</b>

## 11. Other Income (Expenses)

<b>Other income</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>1 Q</b>	<b>1 Q</b>
Grants received for agriculture activity	248	–
Gain from currency exchange	–	108
Rental income from investment property and property, plant and equipment	46	61
Gain from disposal of investment property and property, plant and equipment	107	51
Dividend income	–	3
Change in fair value of financial instruments	56	267
Other income	167	56
	<b>624</b>	<b>546</b>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties and property, plant and equipment	(52)	(57)
Change in fair value of financial instruments	(442)	223
Other expenses	(114)	(34)
	<b>(608)</b>	<b>(132)</b>

## 12. Commitments and Contingencies

As at 30 September 2019 the Group is committed to purchase property, plant and equipment for the total amount of EUR 33 thousand (EUR 1 941 thousand as at 30 June 2019).

A few Group companies (Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Sidabravo 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, 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 2 504 thousand as at 30 September 2019 (EUR 2 504 thousand as at 30 June 2019). 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 as at 30 June 2018 and 2019. The AB Linas Agro management does not concur with Customs assessment and the decision is appealed.

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 2019 and as at 30 June 2019 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.***

#### ***Akola ApS group companies:***

Akola ApS (Denmark) (controlling shareholder);  
 UAB MESTILLA (same ultimate controlling shareholders).

UAB Ignitis grupė (Andrius Pranckevičius is the Independent Member of Supervisory Board).  
 UAB Baltic Fund Investments (Tomas Tumėnas is a director of this company).  
 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 2019 were as follows:

#### **2019 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	57	7,768	284	–	–	18	–
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 2019 and 30 June 2019.

## 14. Subsequent Events

No subsequent events.

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

*for the Three-month Period,  
Ended 30 September, 2019*



## Information about the Company and the Group

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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.linasagroup.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 38 companies and 2,148 employees. The Company does not have any branches and representative offices.

## Contact Person

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Finance Director

Tomas Tumėnas

Ph. + 370 682 366 16

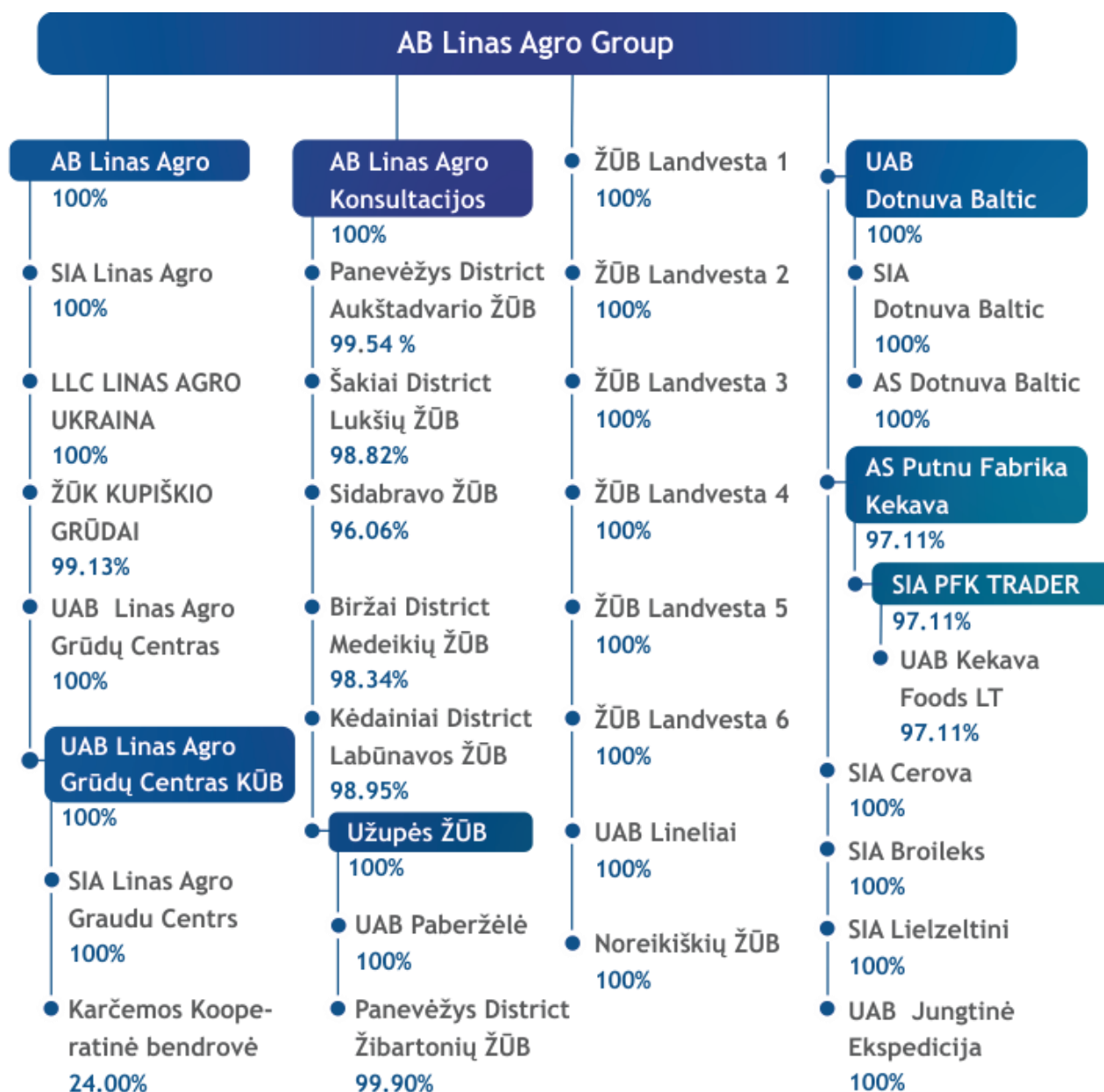
Email [t.tumenas@linasagro.lt](mailto:t.tumenas@linasagro.lt)



## Information about subsidiaries of the Company

The Company controlled 38 companies\* in Lithuania, Latvia, Estonia and Ukraine as at 30 September 2019.

\*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.

## Activity and Financial Results of the Group

- Consolidated revenue of AB Linas Agro Group in three months of 2019/20 financial year totaled EUR 149 million and was 4% less as compared to previous year (EUR 156 million).
- The Group's sales volume in tons reached 438 thousand tons of various grains and agricultural inputs or 7% more as compared to previous year (409 thousand tons).
- The gross profit reached EUR 10.5 million and was 15% lower than a year before (EUR 12.4 million).
- Consolidated EBITDA was 33% lower and amounted to EUR 4.8 million as compared to the previous year (EUR 7.1 million).
- The Group's operating profit was EUR 1.4 million or 69% less as compared to the respective period of the previous year (EUR 4.4 million).
- Profit before taxes amounted to EUR 0.9 million (compared to EUR 3.8 million in previous year). The net profit attributable to the Group stood at EUR 0.6 million (EUR 3.3 million in previous year).

## Financial ratios

	2019/20 3 months	2018/19 3 months	2017/18 3 months	2016/17 3 months	2015/16 3 months
Sales in tons	438,161	409,619	435,483	500,620	475,399
Revenue (thousand EUR)	149,351	156,159	129,192	152,920	149,479
Gross profit (thousand EUR)	10,482	12,396	14,524	14,199	12,002
EBITDA (thousand EUR)	4,769	7,115	8,506	8,293	7,205
Operating profit (thousand EUR)	1,367	4,437	5,617	5,994	4,460
Net profit (thousand EUR)	703	3,403	4,715	4,444	3,464



## Overview

As per data of International Grain Council (IGC), the world grain and oilseed production will be around 2,162 million tons in 2019 and will be 0.9% more as compared to that in 2018 (2,143 million tons), while world grain ending stocks have shrunken from 620 million to 594 million tons. The global prices for various grains and oilseeds over July-September period slightly dropped as compared to the respective period of previous year. For instance, the price of wheat on Euronext exchange ranged between 165 and 175 euros per ton in July-September, while previous year it has been EUR 170-195 per ton.

The overall situation of harvest in all Baltic States has been better as compared to previous year, although different per geographical regions. Despite the fact that overall cereals harvest in Lithuania is expected to reach 5.1 million tons, which is 17% more as compared to previous year, 'Dzukija' region and the central part of Lithuania would account to the same harvest level as in 2018. In this year's harvest high and extra quality grains prevails. It is forecasted that overall harvest of cereals in Latvia will be 3.1 million tons or 53% more as compared to 2018.

Due to increased yield in Lithuania and Latvia, the sales volume of AB Linas Agro Group grew 7% from 409 thousand tons to 438 thousand tons.

Group's consolidated revenue of the first three months of 2019/20 financial year amounted to EUR 149 million and was 4% less as compared to previous year (EUR 156 million). Revenue of the largest Group's business Segment 'Grain and Feedstuff Handling and Merchandising' dropped by 5.5% as sales of feedstuffs declined 12% from EUR 42 million to EUR 37 million. Sales in business Segment 'Products and Services for Farming' declined 4% as well, where revenues of fertilizers, seeds and plant protection products businesses dropped by 12%, 2% and 2% accordingly, while sales of agricultural machinery grew by 21%. Revenue from business Segment 'Food products' remained almost unchanged and amounted to EUR 19.6 million. Due to the higher yields the crop production in Group controlled farms was 8% higher as compared to previous year and Segment's revenue went up 18.5% to EUR 9.1 million.

Group's operating profit amounted to EUR 1.4 million and EBITDA was EUR 4.8 million compared to the corresponding EUR 4.4 million and EUR 7.1 million in previous year. Group's net profit amounted to EUR 0.7 million as compared to EUR 3.4 million EUR in 2019/20 financial year.

## Financial Costs

Due to increased interest rate margins financial expenses increased over referenced period and amounted to EUR 0.9 million compared to that in 2018/19 financial year (EUR 0.8 million). The total amount of financial loans portfolio (including leasing) dropped from EUR 197 million to EUR 184 million. The amount of financial loans grew by EUR 28 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 7.2 million as compared to negative EUR 3.9 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 7.7 million (negative EUR 47.8 million over the respective period of 2018/19 financial year), the reason was increase of stocks by EUR 70.8 million. Group's cash and cash equivalents amounted to EUR 7.6 million at the end of the reporting period (EUR 10.5 million in 2018/19 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

	2019/20 3 months	2018/19 3 months	2017/18 3 months	2016/17 3 months	2015/16 3 months
Grain and Feedstuff Handling and Merchandising	743	2,385	4,368	5,570	4,596
Products and Services for Farming	971	1,892	847	1,406	992
Agricultural Production	(814)	(424)	547	(478)	(454)
Food products	1,400	1,653	1,309	548	194
Other	5	(196)	3	(1)	71

### Grain and Feedstuff Handling and Merchandising

Being the largest operating Segment, this one 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. 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 240 thousand tons at the end of the reporting period.

This year cereal crop yield in Lithuania is forecasted to be about 17% higher than last year, although drought in 2019 spring and summer reduced it, and in some areas part of the harvest was destroyed. Wheat yields increased by 31%, rapeseed by 37%, while barley supply fell by a quarter and legumes yield was 23% less. The conditions in Lithuania were favorable for harvesting and there was no need to dry the grain. The wheat grain grown in Lithuania, which is the Group's main export product, was of high quality. Meanwhile, rapeseed had low oil content due to the drought.

In Latvia, the forecast shows almost 18% higher crop yield and 79% higher rapeseed yield (both sown area and yield increased). In Estonia, the forecast shows nearly 27% higher grain and rapeseed yield (the Group does not export grain and rapeseed from Estonia).

The increased yield had a positive impact on performance of Group controlled elevators as total volume of various grains they processed accelerated 27% if compared to previous year to 374 thousand tons. In Latvia they handled 77% more grain than a year before, the main reason was the recent launch of two Group grain elevators in Latvia.



The sales of traditional products - wheat, barley and rapeseed – increased as their trade volume in tons went up 7% to 196 thousand tons. It was quite difficult to market high quality wheat at the beginning of the trading season, as good quality wheat was harvested in other countries as well. As much as 129 thousand tons of wheat were sold or 17% less than in previous year. Rapeseed trade volume in tons was twice as high as last year and their prices are on the rise. Feedstuff trade volume was 130 thousand tons or 16% bigger than a year before.

The revenue of this business Segment went down 5.5% year-on-year and operating profit amounted to EUR 0.7 million and was 69% lower compared to 2.4 million EUR profit in FY 2018/19.

The Group expects the operating profit of this business Segment to reach approximate results like in FY 2017/18.

## 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.

Supply of agricultural inputs to the farmers is a long- term activity of the Group that trace back to 1993 and is currently run in Lithuania, Latvia and Estonia. The Group represents worldwide known brands. The total Group's storage capacity for warehousing seeds, fertilizers and plant protection products in Lithuania and Latvia was close to 105 thousand tons at the end of the reporting period.

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 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. The company has a certificate in preparation and 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 plows and self-propelled sprayers in Lithuania and one of the largest sellers of the new western tractors in Lithuania. At the end of September administration and trading offices of Dotnuva Baltic and Linas Agro in Latvia started moving to one agricultural service and trade center that will open in October. It also lodge machinery department with machinery exposition, service workshop, warehouses of spare parts.

Early harvest of the main cereal crops and favorable weather allowed Lithuanian farmers to sow many winter crops. The weather conditions in Lithuania were favorable for the use of crop care products, while in Latvia farmers were not as much successful. Sales of certified cereal seed were directly influenced by support for areas sown with certified seed. However, rape certified seed sales were declining as farmers used their own seed. In order to meet the requirements of greening policy, this year farms sowed more fall cover crops like mustard and radish, therefore sales of cover crop mixtures increased 3.5 times. Over the reporting period, the own seed preparation factory prepared over 9 thousand tons of certified seeds or 16% more than in previous year. Over 10 thousand tons of seeds were sold, which is 9% more than in previous year. However, due to falling grain prices, the prices for cereal seed were 4% lower than a year before, resulting in 2% decrease in revenue gained from seed sales which amounted to EUR 8 million.

Falling prices of nitrogen and phosphorus fertilizers in the global market also affected the Baltic region market, which resulted in very large fluctuations in fertilizer prices - in some positions prices fell 20-60 Eur / t. Farmers, in the expectation of an even greater price decline, tended to postpone the purchase of fertilizers until spring, which is why demand for fertilizers is expected to increase in spring. Sales of fertilizers amounted to EUR 14 million and were 12% lower compared to last year's record highs.



The introduction of new products, the product portfolio, based on popular products and sales promotions were factors that have increased sales of plant care products in Lithuania and they were the best over the history. Sales in Latvia decreased by 7%, and the total sales of plant protection products and micronutrients went down 2% to EUR 4.6 million as a result.

The agricultural machinery business has not yet recovered after several consecutive difficult years as farmers are concerned about their commitments from previous years and very cautious about new investments. The market for tractors and harvesters is still shrunk, and competition between dealers is very high as everyone has big stocks. Although the overall tractor market fell by 50%, there were signs of recovery at the end of the reporting period: according to the tractor registry, more new western tractors were registered in Lithuania in September than in July and August, including *Case IH* tractors sold by the Group. With the contraction of the powerful machinery market in Lithuania, the Group was still able to increase sales of smaller inventories, such as trailed forage and grass machinery. In Latvia, new equipment sales were similar to previous year, but there was a growing interest in used equipment and its sales revenue grew by 90%. In Estonia, the agricultural machinery market has not yet recovered, as farmers had not yet marketed the harvested grain at the end of the reporting period. The sale of new machinery was carried out by repurchasing from the farmers their old machinery. The Group's total revenue from new and used equipment sales increased by 21 % to nearly EUR 10 million.

As customers tended to invest less in the purchase of new equipment and repair their existing equipment instead, the demand for spare parts and machinery service increased, and revenue from this business grew by 11% to EUR 3 million.

In Lithuania, the grain preparation equipment market is showing signs of recovery - farmers and agricultural companies are starting to regain interest in grain dryers. During the reporting period, a lot of meetings have been held with potential clients, where projects have been detailed and discussed. In Latvia as much as 90% of grain complex projects are used to be funded by EU, recently the funding for such projects has been halved and the further development of them completely depend on EU support. In Estonia, it will only be clear between November and December how many projects will be funded. During the reporting period, sales of grain equipment generated EUR 0.5 million revenue or nearly 56% less than in previous year.

Dairy farms invest in farm equipment only having EU support. The Group is currently running some minor dairy farm installation projects in Lithuania, but further investments into farms are planned only with the EU support. The Group does not sell farm equipment in Latvia and Estonia. During the reporting period, there was no trade in farm equipment with the third parties, only some farm projects were being implemented in Group-owned agricultural companies. Farm equipment sales are expected to recover by the end of the 2019 year.

The revenue of this business Segment went down 4% to EUR 42 million and operating profit amounted to EUR 0.9 million being 49% lower as compared to 1.9 million EUR profit in FY 2018/19.

The Group expects the operating profit of this business Segment to be 30% higher as 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 six agricultural companies situated on fertile land across Lithuania – Panevėžys District Aukštadvario ŽŪB, Panevėžys District Žibartonių ŽŪB, Kėdainiai District Labūnavos ŽŪB, Šakiai District Lukšių ŽŪB, Biržai District Medeikių ŽŪB and Sidabravo ŽŪB.



Agricultural companies were cultivating 17,266 ha of land. At the end of the reporting period the Group owned 7,681 ha of arable land. During the reporting period, 14,076 ha crop area was harvested, 9,524 ha are sown with winter crops, mainly wheat and rapeseed. At the end of the reporting period, the crop was in very condition.

The companies harvested 69 thousand tons of crop production or 6% more than in previous financial year. The amount of harvested wheat was the largest one - over 36 thousand tons, malting barley – over 14 thousand tons, rapeseed – over 10 thousand tons. The average yield of wheat was 5.8 t / ha, malt barley – 5.95 t / ha, rapeseed – 3.56 t / ha.

Over 22 thousand tons of agricultural commodities were sold or 8% more than a year before. About 67% of the products have been sold to the other companies of the Group and 33% marketed outside the Group.

The Group controlled farms owned 3,196 dairy cows at the end of the reporting period, their number remained almost unchanged. Over 8 thousand tons of raw milk have been sold over the referenced period, or 6.6% more than a year before. The revenue from milk sales remained unchanged because the average three-month price for milk was EUR 257 / t or the lowest in the last three years. Meat sales volume was 383 tons (458 tons a year before).

The revenue of this business Segment accelerated by 18.5% to EUR 9.1 million and operating loss amounted to EUR 0.8 million as compared to 0.4 million EUR operating loss a year before.

During the reporting period, the Group invested almost EUR 1 million to update agricultural machinery and vehicles fleet, renovate office buildings and farming facilities and obtain arable land.

Though raw milk prices are on the low trend, the Group is positive regarding development of milk production on the long term and has plans to invest into milk production facilities and expand its cow herd.

The Group expects the operating profit of this business Segment to be 15% better as 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 21 retail shops all over Latvia. AS Putnu Fabrika Kekava have the right to mark their poultry meat as 'Raised without Antibiotics' AS Putnu Fabrika Kekava has A grade BRC (British Retail Consortium) accreditation, is Halal certified, also has ISO 50001:2012 and ISO 22000:200 certification.

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.



The average EU price for poultry meat during the reporting period was EUR 187.91 / 100 kg or 1% lower than in previous year (EUR 189.86 / 100 kg).

The poultry companies produced over 11 thousand tons of live weight or 6% more year-on-year. Companies sold over 8 thousand tons of poultry and poultry products or 1.6% more than a year before.

Revenue from this business Segment had a slight growth of 1% to EUR 19.6 million. The operating profit went down 15% from EUR 1.7 million to EUR 1.4 million.

The Group invested almost EUR 0.8 million during the referenced period for the development of poultry farming and biosafety, for the modernization of meat processing and other equipment.

The Group expects the operating profit of this business Segment to be the same like in previous 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 profit of this business Segment amounted to EUR 5 thousand as compared to 196 thousand euros loss 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 2019, the Company publicly disclosed and distributed via Nasdaq Vilnius Exchange Globenewswire system and in Company's website [www.linasagroup.lt](http://www.linasagroup.lt) the following information:

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



## Other Events of the Reporting Period

9/26/2019	The capital of Noreikiškių ŽŪB was increased by 35,000 euros.
31/5/2019	The capital of UAB Lineliai was increased by 30,000 euros.
8/6/2019	The authorized capital of LLC LINAS AGRO UKRAINE was increased by 2,600,000 hryvnas (around 102,970 euros).

## Subsequent Events

November 2019	The Company transferred 2,000 own shares to the employees of the Group under AB Linas Agro Group Rules for Shares Issues.
25/10/2019	The Ordinary General Meeting of shareholders was held.

## Prices and Turnover of Shares of AB Linas Agro Group

Information on changes in the prices of Company's shares and turnover from 1/7/2014 until the end of the reporting period, i. e. 30 September 2019, is presented in the following diagram:

