



AUGA GROUP AB

(incorporated in Lithuania with limited liability, corporate ID code 126264360)
PROSPECTUS OF THE PUBLIC OFFERING OF UP TO 40,000,000 NEWLY-ISSUED SHARES
AND UP TO 20,000,000 EXISTING ORDINARY REGISTERED SHARES IN AUGA GROUP AB
AND OF THE ADMISSION OF UP TO 40,000,000 NEWLY-ISSUED SHARES TO TRADING ON
NASDAQ VILNIUS AND ON THE WARSAW STOCK EXCHANGE
with a nominal value of EUR 0.29 each

This document (the "**Prospectus**") has been prepared for the purpose of (i) the public offering in Lithuania of up to 60,000,000 ordinary shares in the share capital of AUGA group AB (the "**Issuer**" or the "**Company**", the Company together with its Subsidiaries the "**Group**") with a nominal value of EUR 0.29 each, out of which up to 40,000,000 are newly-issued shares (the "**New Shares**") and up to 20,000,000 are existing shares (the "**Sale Shares**", the New Shares collectively with the Sale Shares the "**Offer Shares**") offered by Baltic Champs Group UAB (the "**Selling Shareholder**") and (ii) admission of up to 40,000,000 New Shares to trading on Nasdaq Vilnius AB ("**Nasdaq Vilnius**") and on the Warsaw Stock Exchange (the "**WSE**"). Once the capital increase of the Company will be registered with the Register of Legal Entities of the Republic of Lithuania (the "**Register of Legal Entities**"), the New Shares will be registered with the Lithuanian branch of Nasdaq CSD, SE ("**Nasdaq CSD**") and assimilated with the currently registered issue of the Issuer's Shares (the "**Shares**"), as well as with the Polish settlement institution – the Central Securities Depository of Poland (in Polish: *Krajowy Depozyt Papierów Wartościowych S.A.*, the "**CSDP**"), acting as a secondary depository for the Shares, the New Shares will be admitted to trading on Nasdaq Vilnius and on the WSE. The Issuer will only receive the net proceeds from the sale of the New Shares, whereas the Selling Shareholder will receive the net proceeds from the sale of the Sale Shares.

The Offer Shares are being offered publicly to Retail Investors in Lithuania (the "**Retail Offering**"), privately to institutional or qualified investors (the "**Institutional Offering**"), and privately to individually identified non-institutional and non-qualified investors (the "**Private Offering**"), and together with the Retail Offering and Institutional Offering, the "**Offering**"). The Institutional Offering and the Private Offering are not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Shares are not offered publicly in any country other than in Lithuania.

This Prospectus does not constitute an offer to buy, or the solicitation of an offer to buy, the Offer Shares to any person in any jurisdiction in which it is unlawful to make any offer to such person. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any securities laws of any state or other jurisdiction of the United States and are not being offered or sold within the United States or to, or for the account or benefit of, U.S. persons other than to Qualified Institutional Buyers (QIBs) as defined in, and in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S (for more information please see the Section 5.8 *Selling Restrictions*).

The terms and conditions of this Offering, as specified in this Prospectus, are subject to possible modification, and/or cancellation.

This Prospectus constitutes a prospectus in the form of a single document within the meaning of Article 3 of European Union (EU) Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and has been prepared in accordance with the provisions of the European Commission Regulation (EC) 809/2004, as amended and the Law of the Republic of Lithuania on Securities, as amended (the "**Law on Securities**") and the rules promulgated thereunder. This Prospectus has been filed with and was approved on 2 July 2018, by the **Bank of Lithuania** (in Lithuanian: *Lietuvos bankas*), which is the competent authority for the purposes of the relevant implementing measures of the Prospectus Directive in Lithuania. Based on

Articles 4 and 5 of the Law on Securities, Lithuania is the home member state of the Issuer and the Bank of Lithuania is solely authorized to approve this Prospectus. The Issuer will be authorized to carry out the public Offering in Lithuania and the Admission on the WSE, once the Bank of Lithuania has approved and has notified the approval of the Prospectus to the Polish Financial Supervision Authority (in Polish: *Komisja Nadzoru Finansowego*; the "PFSA"). The Prospectus together with its summary translated in Lithuanian and in Polish has been published on the website of the Issuer (www.auga.lt). Additionally, for information purposes only, the Prospectus together with its summary translated in Lithuanian and in Polish has been published on the website of LHV Pank AS (the "Global Lead Manager") (www.lhv.ee). In addition, in accordance with the requirements of the applicable regulations in the Republic of Poland, a paper copy of the Prospectus will be delivered to the Investors upon their request free of charge.

Although the whole text of this Prospectus should be read, the attention of persons receiving this document is drawn, in particular, to the Section III Risk Factors of this document. All statements regarding the Group's business, financial position and prospects as well as the Offering and Admission should be viewed in light of the risk factors set out in Section III of this document.

All the Shares of the Company are currently listed on the Baltic Secondary List of Nasdaq Vilnius and on the Parallel Market of the WSE. On 25 June 2018 the closing price of Shares on Nasdaq Vilnius was EUR 0.488 and on the WSE – PLN 1.64. No other securities are currently issued by the Company and/or admitted to trading on any regulated market. The Issuer has filed a request to Nasdaq Vilnius for adoption of a decision on conditional admission of New Shares to trading on the Baltic Main List of Nasdaq Vilnius, as well as the move of all existing Shares (including the Sale Shares) from the Baltic Secondary List to the Baltic Main List. On 26 June 2018 Nasdaq Vilnius management board passed the respective decision. The Issuer expects that trading in the New Shares on the WSE and on Nasdaq Vilnius will commence on or about 3 August 2018.

Prospective Investors may subscribe for the Offer Shares during the period which will commence on 3 July 2018 and end on 20 July 2018 (the "**Subscription Period**" or the "**Offering Period**"). The Offer Price Range per one Offer Share is EUR 0.45 to EUR 0.50 (the "**Offer Price Range**"). The Maximum Price (the "**Maximum Price**") per Offer Share is therefore EUR 0.50. Retail Investors will be placing orders at the Maximum Price. The final number of the Offer Shares, the final Offer Price (the "**Offer Price**"), and the final number of Offer Shares allocated to each category of Investor will be determined by the Issuer, upon recommendation of the Global Lead Manager after completion of Subscription Period not later than on or about 23 July 2018 and will be announced in accordance with applicable regulations. The final Offer Price will be the same for all Investors receiving an allocation of the Offer Shares.

Offer Price Range: EUR 0.45 to EUR 0.50

Global Lead Manager and Bookrunner



The date of this Prospectus
2 July 2018

TABLE OF CONTENTS

I.	IMPORTANT INFORMATION.....	4
1.1	Responsibility for this Prospectus	4
1.3	Presentation of Financial and Other Information.....	6
1.4	Forward Looking Statements	7
1.5	Information Incorporated by Reference.....	7
1.6	Definitions used in the Prospectus.....	8
II.	SUMMARY	14
III.	RISK FACTORS.....	31
3.1	General Risk Factors of the Business, in which the Group Operates	31
3.2	Group Specific Risk Factors	32
3.3	Industry Specific Risk Factors	40
3.4	Risk Factors Related to the Issuer's Shares	42
3.5	Legal and Taxation Risk Factors	48
IV.	INFORMATION ABOUT THE ISSUER	52
4.1	Statutory Auditors.....	52
4.2	Selected Financial Information.....	52
4.3	Qualifications and emphasis of matter	57
4.4	Information about the Group	58
4.4.1	History and Development of the Group.....	60
4.4.2	Investments	62
4.5	Business Overview	63
4.5.1	Principal Activities.....	63
4.5.2	Principal Markets	67
4.6	Organizational Structure	75
4.7	Property, Plant and Equipment, Biological Assets and Rented Land.....	83
4.8	Operating and Financial Review	87
4.8.1	Financial Condition	87
4.8.2	Operating Results	93
4.9	Capital Resources	97
4.10	Research and Development, Patents and Licences.....	99
4.11	Trend Information.....	100
4.12	Profit Forecasts or Estimates	102
4.13	Legal Overview	102
4.14	Administrative, Management and Supervisory Bodies and Senior Management	108
4.14.1	Management Structure of the Company.....	108
4.14.2	Members of the Administrative, Management and Supervisory Bodies and Key Executives of the Company	109
4.10.3	Shares Held by the Management of the Company	112
4.10.4	Principal Activities Outside the Company of Members of the Management and Supervisory Bodies	113
4.14.5	Declarations.....	116
4.14.6	Conflicts of Interest of Members of the Administrative, Management and Supervisory Bodies and Key Executives	116
4.15	Remuneration and Benefits	117
4.16	Board Practices.....	117
4.17	Employees	119
4.18	Major Shareholders	120
4.19	Related Party Transactions	122
4.20	Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	123
4.20.1	Historical Financial Information	123
4.20.2	Audited Financial Statements.....	131
4.20.3	Dividend Policy.....	131
4.20.4	Legal and Arbitration Proceedings.....	132
4.20.5	Significant Changes in the Issuer's Financial or Trading Position	133
4.21	Additional Information	134
4.21.1	Share Capital	134
4.21.2	Articles of Association	135
4.22	Material Contracts	141
4.23	Information on Holdings.....	149
4.24	Third Party Information and Statement by Experts and Declarations of any Interest	149
V.	SHARE SECURITIES NOTE	150
5.1	Working Capital Statement.....	150
5.2	Capitalisation and Indebtedness.....	151
5.3	Interest of Natural and Legal Persons Involved in the Issue.....	152
5.4	Reasons for the Issue and Use of Proceeds.....	153
5.5	Information Concerning the Securities to be Offered and Admitted to Trading.....	156
5.6	The Offering and Plan of Distribution	183
5.7	Admission to Trading and Dealing Arrangements.....	194
5.8	Selling Restrictions.....	197

I. IMPORTANT INFORMATION

Governing Law. The Offering is conducted in accordance with and governed by Lithuanian law. The listing and trading of the New Shares on the Warsaw Stock Exchange (In Polish: *Giełda Papierów Wartościowych w Warszawie S.A.*, the "WSE") and on AB Nasdaq Vilnius ("Nasdaq Vilnius") shall be conducted in accordance with and governed by the Polish and Lithuanian laws and the rules of the WSE and the Central Securities Depository of Poland (in Polish: *Krajowy Depozyt Papierów Wartościowych S.A.*, the "CSDP"), as well as of Nasdaq Vilnius and the Lithuanian branch of Nasdaq CSD, SE (the merged central securities depository of Lithuania, Latvia and Estonia, "Nasdaq CSD"). The Company is organised and exists under Lithuanian law. Also, Lithuanian law will be applicable with regards to the procedure of the approval of this Prospectus and its supplements (if applicable) and certain other issues, related to the capital increase of the Company.

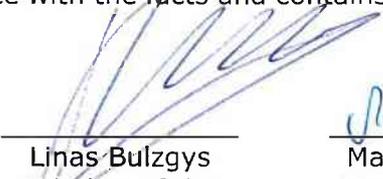
Prospectus. This Prospectus has been prepared by the Company in connection with the Offering and the Admission, solely for the purpose of enabling any Prospective Investor to consider an investment in the Offer Shares. The information contained in the Prospectus has been provided by the Issuer and other sources identified herein. This document is a prospectus in the form of a single document within the meaning of the Prospectus Directive and the Prospectus Regulation. This Prospectus has been prepared in accordance with Annex I (Minimum Disclosure Requirements for the Share Registration Document) and Annex III (Minimum Disclosure Requirements for the Share Securities Note) of the Prospectus Regulation. A summary of the Prospectus contains the key information items set out in Annex XXII (Disclosure Requirements in Summaries) of the Prospectus Regulation. This Prospectus was approved by the Bank of Lithuania (in Lithuanian: *Lietuvos bankas*, Lithuanian financial supervision authority) and notified to the Polish Financial Supervision Authority (in Polish: *Komisja Nadzoru Finansowego*; the "PFSA"), according to the Law on Securities and other applicable legal acts and regulations.

1.1 Responsibility for this Prospectus

Persons Responsible. The person responsible for the information provided in this Prospectus is AUGA group AB, corporate ID code 126264360, with the registered office at Konstitucijos ave. 21C, Vilnius, Lithuania. The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and members of its Management Board – Mr. Kęstutis Juščius (the Chairman), Mr. Linas Bulzgys (also the General Manager), Mr. Marijus Bakas, Mr. Linas Strėlis and Mrs. Agnė Jonaitytė, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.



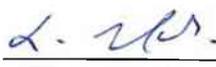
Kęstutis Juščius
Chairman of the
Management Board



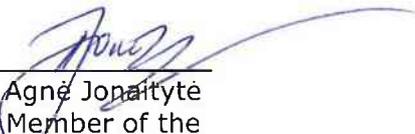
Linas Bulzgys
Member of the
Management
Board and General
Manager



Marijus Bakas
Member of the
Management Board



Linas Strėlis
Member of the
Management
Board



Agnė Jonaitytė
Member of the
Management Board

Limitations of Liability. Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely on the basis of the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent

when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Furthermore, the Global Lead Manager, the Selling Shareholder and the legal advisors to the Company, the Global Lead Manager and to the Selling Shareholder expressly disclaim any liability based on the information contained in this Prospectus, the summary of this Prospectus or individual parts hereof and will not accept any responsibility for the correctness, completeness or import of such information. No information contained in this Prospectus or disseminated by the Company in connection with the Offering and Admission may be construed to constitute a warranty or representation, whether express or implied, made by the Global Lead Manager or the legal advisors to any party.

Neither the Company nor the Global Lead Manager, the Selling Shareholder or the legal advisors to the Company, the Global Lead Manager and to the Selling Shareholder will accept any responsibility for the information pertaining to the Offering including but not limited to the listing of the New Shares on the WSE and on Nasdaq Vilnius, the Group or its operations, where such information is disseminated or otherwise made public by third parties either in connection with this Offering and Admission or otherwise.

By participating in the Offering, Investors agree that they are relying on their own examination and analysis of this Prospectus (including the financial statements of the Group which form an indispensable part of this Prospectus) and any information on the Company that is available in the public domain. Investors must also acknowledge the risk factors that may affect the outcome of such investment decision (as presented in Section III *Risk Factors*).

Any persons in possession of this Prospectus should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus, if not expressly indicated otherwise. The delivery of this Prospectus at any time after the conclusion of it will not, under any circumstances, create any implication that there has been no change in the Company's (its Group's) affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. In case material changes in operations of the Issuer occur until the term of validity of this Prospectus or until Admission (depending on which of these events will happen earlier), they will be reflected in supplements to the Prospectus, which will be subject to an approval by the Bank of Lithuania and notification to the PFSA. The supplement (if any) will be published in the same manner as the Prospectus.

In case of a dispute related to the Prospectus or the Offering, the plaintiff may have to resort to the jurisdiction of the Lithuanian courts and consequently a need may arise for the plaintiff to cover relevant state fees and translation costs in respect of this Prospectus or other relevant documents.

1.2 Notice to Prospective Investors

The distribution of the Prospectus and the Offering of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Offer Shares offered hereby in any jurisdiction in which such offer, solicitation or invitation would be unlawful. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions, including those set out under the Section 5.8 *Selling Restrictions*. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

As a condition for the purchase of any Offer Shares in the Offering, each purchaser will be deemed to have made, or in some cases be required to make, certain representations and warranties and will be required to take certain actions described in particular in the Section 5.6 *The Offering and Plan of Distribution*, which will be relied upon by the Company, the Global Lead Manager, the Selling Shareholder and others. The Company and the Selling Shareholder reserve the right, at their sole and absolute discretion, to reject any purchase of Offer Shares

that the Company, the Selling Shareholder, the Global Lead Manager or any agents believe may give rise to a breach or a violation of any law, rule or regulation. Please see, in particular, the Section 5.8 *Selling Restrictions*.

The Offer Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

1.3 Presentation of Financial and Other Information

Financial Information. This Prospectus contains incorporated by reference financial statements of, and financial information relating to the Group.

The Prospectus contains incorporated by reference the Group's and Company's audited consolidated and separate financial statements for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 (the "**Consolidated Financial Statements**") prepared in accordance with International Financial Reporting Standards (the "**IFRS**") as adopted by the European Union, as well as the Group's unaudited consolidated financial information for the three months ended 31 March 2018 (the "**Consolidated Interim Information**") prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**").

The presentation of financial information in accordance with IFRS requires Management to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

The Consolidated Financial Statements for the years ended 31 December 2017 and 31 December 2016 were audited by PricewaterhouseCoopers UAB, with its registered office in Vilnius, Lithuania and the Consolidated Financial Statements for the year ended 31 December 2015 were audited by KPMG Baltics UAB (see Section 4.1 *Statutory Auditors*). The Consolidated Interim Information was neither audited nor subject to a review by the auditors.

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g. monetary values, percentage values, etc.) are presented with such precision which the Company deems sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the financial statements of the Group, to the extent that the relevant information is reflected therein.

Dating of Information. This Prospectus is drawn up based on information which was valid on 31 December 2017. Where not expressly indicated otherwise, all information presented in this Prospectus (including the consolidated financial information of the Group, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than 31 December 2017, this is identified by either specifying the relevant date or by the use of expressions as "the date of this Prospectus", "to date", "until the date hereof" and other similar expressions, which must all be construed to mean the date of this Prospectus (2 July 2018).

Currencies. In this Prospectus, financial information is presented in euro (EUR), i.e. the official currency of the EU Member States participating in the Economic and Monetary Union, including Lithuania (as from 1 January 2015). Amounts originally available in other currencies have been converted to euro as of the date for which such information is expressed to be valid. With respect to the state fees, taxes and similar country specific values, information

may occasionally be presented in currencies other than EUR. The exchange rates between such currencies and euro may change from time to time.

Updates. The Company will update the information contained in this Prospectus only to such extent, at such intervals and by such means as required by applicable law or considered necessary and appropriate by the Company. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus.

Third Party Information and Market Information. With respect to certain portions of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced as far as the Company is aware and is able to ascertain from the information published by such other third parties that no facts have been omitted, which would render the reproduced information inaccurate or misleading. Certain information with respect to the markets in which the Group is operating is based on the best assessment made by the Management Board. With respect to the industry in which the Group is active, and certain jurisdictions, in which its operations are being conducted, reliable market information might be unavailable or incomplete. Whilst every reasonable care was taken to provide the best possible estimate of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation into the relevant markets or seek professional advice. Information on estimated market shares within certain industries and/or sectors represents the Management Board's views, unless specifically indicated otherwise.

1.4 Forward-Looking Statements

This Prospectus includes forward-looking statements. Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the belief of the Management as well as assumptions made by and information currently available to the Management as at the date of this Prospectus. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Group, the macroeconomic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as *strategy, expect, forecast, plan, anticipate, believe, will, continue, estimate, intend, project, goals, targets* and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Group operates in a competitive business environment. The operations are affected by changes in domestic and foreign laws and regulations, taxes, developments in competition, economic, strategic, political and social conditions and other factors. The Group's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Group (please see Section III *Risk Factors* for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.5 Information Incorporated by Reference

The following information is incorporated in this Prospectus by reference in accordance with Article 28 of the Prospectus Regulation:

- the Group's and the Company's audited consolidated and separate financial statements for the year ended 31 December 2015 together with the consolidated annual report and the independent auditor's report;

- the Group's and the Company's audited consolidated and separate financial statements for the year ended 31 December 2016 together with the consolidated annual report and the independent auditor's report;
- the Group's and the Company's audited consolidated and separate financial statements for the year ended 31 December 2017 together with the consolidated annual report and the independent auditor's report;
- the Group's unaudited consolidated financial information for the three months ended 31 March 2018 together with the consolidated interim report;
- Sustainability Report for 2017¹;
- Articles of Association.

It is possible to get acquainted with the aforementioned documents on the website of the Company at www.auga.lt also at www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl, and at www.gpw.pl.

Documents on Display. Throughout the period of validity of this Prospectus, the aforementioned documents may also be inspected at the head office of the Company located at Konstitucijos ave. 21C, Vilnius, Lithuania, and of the Global Lead Manager located at Tartu mnt 2, 10145 Tallinn, Estonia. Any interested party may obtain a copy of these documents without charge.

To the extent that documents other than those mentioned above (i.e. reports, letters, valuations, statements) are not reflected in this Prospectus with reasonable fullness and do not at the sole discretion of the Company constitute business secrets or material inside information of the Company, requiring market disclosure, physical inspection of such documents will be arranged at the office of the Company or via electronic mail at the request of any interested party and subject to an agreement between the Company and such interested party regarding the means of inspection of the relevant documents. Reference to the Company's website in this Prospectus should not be deemed to incorporate the information on the Company's website by reference.

1.6 Definitions used in the Prospectus

In this Prospectus, the definitions will have the meaning indicated below unless the context of the Prospectus requires otherwise. Definitions are listed in alphabetical order and the list is limited to the definitions which are considered to be of most importance. Other definitions may be used elsewhere in the Prospectus.

"Admission"	The admission of the New Shares to trading on the WSE and on Nasdaq Vilnius.
"Allotment Date"	The date on which the final number of the Offer Shares and the allotment between the Retail Investors and the Institutional Investors is announced.
"Alternative Performance Measures (APMs)"	This Prospectus contains certain financial measures that are not defined or recognised under the IFRS and which are considered to be "alternative performance measures" as defined in the "ESMA Guidelines on Alternative Performance Measures" issued by the European Securities and Markets Authority on 5 October 2015.

¹ On 3 April 2018 (corrected on 6 April 2018) the Company announced its Sustainability Report (with subsequent edits). This was prepared in accordance with the Nasdaq ESG (Environment, Social and Governance) Reporting Guide for Nordic and Baltic listed companies and the United Nations Sustainable Development Goals. The report systematically assesses the risks and possibilities of the Company's business within the dimensions of environmental protection, social responsibility and governance and to also clarify the short-term and long-term sustainability development goals of the Company. The report covers the results of the qualitative assessment of sustainability indicators and presents the Company's vision, goals and actions on sustainability.

"Articles of Association"	of	Articles of Association of the Company effective as at the date of this Prospectus.
"Audit Committee"		Audit Committee of the Company.
"Bank of Lithuania"		The Bank of Lithuania (in Lithuanian: <i>Lietuvos bankas</i>) with its registered office in Vilnius, Lithuania. The Lithuanian financial supervision authority.
"Circular economy"		A circular economy is an alternative to a traditional linear economy (make, use, dispose). The aim is to retain the resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each respective service life. The concept is underpinned by a transition to renewable energy sources.
"CIT"		Corporate Income Tax.
"CIT Act"		Polish Corporate Income Tax Act dated 15 February 1992 (as amended from time to time).
"Civil Code"		Civil Code of the Republic of Lithuania (as amended from time to time).
"Company" "Issuer"	or	AUGA group AB – a public limited liability company organized and existing under the laws of the Republic of Lithuania, corporate ID code 126264360, VAT code LT100001193419, registered at the address Konstitucijos ave. 21C, Vilnius, Lithuania. The Company's data is collected and stored with the Register of Legal Entities.
"Consolidated Financial Statements"		The Group's and Company's audited consolidated and separate financial statements for the years ended 31 December 2017, 31 December 2016 and 31 December 2015.
"Consolidated Interim Information"		The Group's unaudited consolidated interim financial information for the three months ended 31 March 2018, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".
"Conventional"		Non-organic certified products or farming methods.
"CSDP"		The Central Securities Depository of Poland (in Polish: <i>Krajowy Depozyt Papierów Wartościowych S.A.</i>) with its registered office in Warsaw, Poland.
"EEA"		European Economic Area.
"EFTA"		European Free Trade Association.
"ESMA"		European Securities and Markets Authority.
"EU"		European Union.
"EUR", "€", "euro"		The lawful currency of the European Union Member States that have adopted the single currency, including Lithuania.
"FSMA"		The United Kingdom Financial Services and Markets Act 2000, as amended.
"FYIF"		Fixed Yield Investment Fund, a licenced and regulated fund, managed by a licenced management company, Synergy Finance UAB. The investment strategy of this fund is to invest into land in order to gain a fixed return.
"GDP"		Gross domestic product.
"GDPR"		Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free

	movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation).
"General Meeting"	General Meeting of Shareholders of the Company, the supreme body of the Company.
"Gifts and Inheritance Tax Act"	The Polish Gifts and Inheritance Tax Act dated 28 July 1983 (as amended from time to time).
"Global Lead Manager and Bookrunner"	LHV Pank AS, a bank registered as a public limited company in Estonia, registered in the Estonian Commercial Register under register code 10539549, registered address Tartu mnt 2, 10145 Tallinn, Estonia.
"Group"	The Company together with all its Subsidiaries, as set out in Section 4.6 <i>Organisational Structure</i> .
"Group Company"	Any direct or indirect Subsidiary of the Company (the abbreviation "Group Companies" describes all direct or indirect Subsidiaries of the Company).
"IAS"	International Accounting Standards.
"IFRS"	International Financial Reporting Standards as adopted by the EU.
"Institutional Investors"	Qualified institutional investors as defined in article 2.1 (e) of the Prospectus Directive, invited or accepted by the Global Lead Manager to participate in the book-building process
"Investors"	Institutional Investors collectively with Retail Investors.
"Key Executives"	The General Manager, the Chief Financial Officer, the Development and Sales of Organic Products Manager, the Marketing Manager and the Agriculture Production Manager of the Company collectively.
"Law on the Acquisition of Agricultural Land"	Law on the Acquisition of Agricultural Land of the Republic of Lithuania (as amended from time to time).
"Law on Companies"	Law on Companies of the Republic of Lithuania (as amended from time to time).
"Law on Land"	Law on Land of the Republic of Lithuania (as amended from time to time).
"Law on Markets in Financial Instruments"	Law on Markets in Financial Instruments of the Republic of Lithuania (as amended from time to time).
"Law on Securities"	Law on Securities of the Republic of Lithuania (as amended from time to time).
"LTL", "Lithuanian litas"	Litas, the former lawful currency of the Republic of Lithuania up until 31 December 2014, the exchange rate of which was fixed at EUR 1 = LTL 3.4528 (effective as of 2 February 2002).
"Lock-up Agreement"	Agreement signed between the Selling Shareholder and the Global Lead Manager on the restriction of the disposal of shares held for a certain time period.
"Major Shareholders"	The Company's major shareholders are Baltic Champs Group UAB and Multi Asset Selection Fund, as indicated in the Section 4.18 <i>Major Shareholders</i> .
"Management"	Management Board and Key Executives of the Company.
"Management Board"	Management Board of the Company.
"Manager"	The General Manager of the Company.

"Market Abuse Regulation"	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (as amended from time to time).
"Maximum Price"	The Maximum Price per Offer Share which is 0.50 EUR at which the Retail Investors shall place their subscription orders.
"Member State"	A Member State of the European Economic Area.
"MiFID II"	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended from time to time).
"N/A"	'not applicable'.
"Nasdaq Vilnius"	Nasdaq Vilnius AB – Vilnius Stock Exchange, a public limited liability company organized and existing under the laws of the Republic of Lithuania, corporate ID code 110057488, registered at the address Konstitucijos ave. 29, Vilnius, Lithuania. The company's data is collected and stored with the Register of Legal Entities.
"Nasdaq Corporate Governance Code"	Corporate Governance Code for the Companies Listed on Nasdaq Vilnius.
"Nasdaq CSD"	Lithuanian branch of Nasdaq CSD SE (<i>Societas Europaea</i>), the merged central securities depository of Lithuania, Latvia and Estonia, the clearing and settlement institution of the Baltics, code 304602060, registered at the address Konstitucijos ave. 29-1, Vilnius, Lithuania.
"New Shares"	Up to 40,000,000 newly-issued shares offered during the Offering by the Company.
"Offering"	The Offering of the Offer Shares based on this Prospectus.
"Offer Price"	The final price of the Offer Shares set by the Company within the Offer Price Range in accordance with the terms and conditions of the Offering.
"Offer Price Range"	The price range per each Offer Share which is set by the Company and indicated in this Prospectus, i.e. from EUR 0.45 to EUR 0.50.
"Offer Shares"	The New Shares and the Sale Shares offered jointly.
"Participating Institution"	Any financial institution that is a member of Nasdaq Vilnius. The list of them has been provided in the Section <i>Subscription Undertakings</i> .
"PFSA"	Polish Financial Supervision Authority (in Polish: <i>Komisja Nadzoru Finansowego</i>), the capital markets regulatory authority of the Republic of Poland with its registered office in Warsaw, Poland.
"PIT Act"	Polish Personal Income Tax Act dated 26 July 1999 (as amended from time to time).
"Placement Agreement"	The agreement to be concluded between <i>inter alia</i> the Company, the Selling Shareholder and the Global Lead Manager related to the Offering prior to the Allotment Date.
"PLN", "Polish zloty"	The lawful currency of the Republic of Poland.
"Private Offering"	The Offering part expressed privately to individually identified non-institutional or non-qualified investors outside of Lithuania.
"Prospective Investor"	Any potential individual or legal entity (Retail Investor or Institutional Investor) looking for an opportunity to subscribe for the Offer Shares.

"Prospectus"	This document, prepared for the purpose of the Offering and the Admission, including its annexes, information incorporated by reference and supplements, if any.
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended from time to time).
"Prospectus Regulation"	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended from time to time).
"Public Offering Act"	Polish Act of 29 July 2005 on Public Offerings and Conditions governing the Admission of Financial Instruments to Trading on Organized Markets, and on Listed Companies (as amended from time to time).
"Register of Legal Entities"	Register of Legal Entities of the Republic of Lithuania.
"Regulation S"	Regulation S under the U.S. Securities Act.
"Related Parties"	As defined in International Accounting Standard, 24 <i>Related Party Disclosures</i> .
"Retail Investors"	All investors in the Republic of Lithuania irrespectively whether they are natural persons, legal entities or organizational units without legal personality, who are eligible to submit their subscription orders in accordance with regulations of the Global Lead Manager accepting their subscription orders.
"Sale Shares"	Up to 20,000,000 Shares offered during the Offering Period by the Selling Shareholder. On the Prospectus approval date, the Sale Shares are pledged to the lender financing the Selling Shareholder to secure the latter's outstanding obligations to the lender. If the condition provided in this Prospectus for the Sale Shares to be offered shall be met and the Sale Shares will be allocated to the Investors, the pledge over the Sale Shares shall be terminated by the Settlement Date and the Sale Shares will be transferred to the Investors free of any encumbrances.
"Section"	A section of this Prospectus.
"Selling Shareholder"	Baltic Champs Group UAB – a private limited liability company organized and existing under the laws of the Republic of Lithuania, corporate ID code 145798333, registered at the address Šiaulių r. sav. Poviliškių k., Lithuania. The company's data is collected and stored with the Register of Legal Entities.
"Settlement Date"	The date of delivery of the Offer Shares to Investors and closing of the Offering.
"Shares"	Any ordinary registered shares of the Company with the nominal value of EUR 0.29 each issued and outstanding at any time.
"Subscription Period" or "Offering Period"	The period during which the Investors may submit orders for the subscription and acquisition of the Offer Shares in accordance with the terms and conditions of this Prospectus.
"Subsidiaries"	Subsidiaries of the Issuer, as set out in Section 4.6 <i>Organisational Structure</i> .
"Summary"	The summary of this Prospectus.

"Supervisory Council"	Supervisory Council of the Company.
"Takeover Directive"	Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (as amended from time to time).
"Tax Ordinance"	Polish act dated 29 August 1997 – the Tax Ordinance (as amended from time to time).
"Trading in Financial Instruments Act"	Polish Act of 29 July 2005 on Trading in Financial Instruments (as amended from time to time).
"USD", "\$", "US Dollars"	The lawful currency of the United States of America.
"U.S. Securities Act"	The United States Securities Act of 1933, as amended.
"VAT"	The value added tax applicable in the Republic of Lithuania.
"WSE"	Warsaw Stock Exchange (In Polish: <i>Giełda Papierów Wartościowych w Warszawie S.A.</i>), a regulated market in Poland.
"WSE Corporate Governance Code"	Code of Best Practice for WSE Listed Companies.
"WSE Rules"	The Warsaw Stock Exchange Rules.

II. SUMMARY

This Summary (the "**Summary**") is a brief overview of information disclosed in the Prospectus (the "**Prospectus**") of the public offering (the "**Offering**") of up to 40,000,000 newly-issued shares (the "**New Shares**") and up to 20,000,000 existing shares (the "**Sale Shares**", the New Shares collectively with the Sale Shares the "**Offer Shares**") in AUGA Group AB (the "**Issuer**" or the "**Company**", the Company together with its Subsidiaries the "**Group**") with a nominal value of EUR 0.29 each, and admission (the "**Admission**") of up to 40,000,000 New Shares to trading on Nasdaq Vilnius ("**Nasdaq Vilnius**") and on the Warsaw Stock Exchange (the "**WSE**").

This Summary is made up of disclosure requirements known as "Elements" in accordance with the Annex XXII (Disclosure Requirements in Summaries) of the Prospectus Regulation. These elements are numbered in Sections A – E (A.1 – E.7) below. This Summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of 'not applicable'. In this Summary, the definitions will have the meanings as indicated in Section 1.6 *Definitions used in the Prospectus*.

Section A – Introduction and warnings

<i>Element</i>	<i>Title</i>	<i>Disclosure</i>
A.1	Introduction and warnings	<p>This Summary is not the Prospectus for the Offering and the Admission of the Offer Shares and should be read merely as an introduction to the same. This Summary presents the facts and circumstances that the Company considers important with respect to the Company's business and the public Offering of the Offer Shares and the Admission of the New Shares and is a summary of certain information appearing in more detail elsewhere in the Prospectus. Any decision to participate in the Offering and invest in the Company's Shares should be based on the Prospectus (including any amendments or supplements thereto) as a whole and not merely on this Summary.</p> <p>Prospective Investors ("Prospective investors") are cautioned that where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff Investor might, under the national legislation of the relevant state, have to bear the costs of translating the entire Prospectus before court proceedings are initiated. The Company accepts civil liability in respect of this Summary (including any translation hereof) solely in the case where this Summary is found to be misleading, inaccurate or inconsistent when read together with the Prospectus as a whole or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Use of Prospectus for subsequent resale of Shares	Not applicable. This Prospectus was prepared solely for the purposes of the Offering and Admission, as described herein. It may not be used for subsequent resale and/or final placement of securities by financial intermediaries.

Section B – Issuer

<i>Element</i>	<i>Title</i>	<i>Disclosure</i>
B.1	Legal and commercial name	The legal and commercial name of the Company is AUGA group AB.
B.2	Domicile / legal form / legislation / country of incorporation	The Company is a public limited liability company with its statutory seat in Vilnius, Lithuania, and its registered office at Konstitucijos ave. 21C, Vilnius, Lithuania. It is registered with the Register of Legal Entities under number 126264360. The Company is incorporated and operates under the laws of the Republic of Lithuania.
B.3	Key factors regarding current operations, principal activities, categories of products sold and services performed. Principal markets	<p>The Company is one of the largest primary agricultural production producers in Lithuania. With 38 thousand ha cultivated land, the Group claims that it is the largest vertically integrated organic food company in Europe, controlling the entire process from field to final product. One of the Group's main strengths is the ability to supply a wide range and large quantities of organic products and ensure the control and traceability of the production chain.</p> <p>While the majority of revenue originates from mushrooms, crops and milk sales, the Group divides its operations into the following segments: (i) dairy, (ii) crop-growing, which includes growing of wheat, legumes, rapeseed, barley as well as other several agricultures, including grasses and corn for feed, (iii) mushroom growing and (iv) other segments, which includes various services related to agriculture, for instance, sale of harvesting, small scale of land rent, for instance, for telecommunications companies to place their equipment towers, as well as accounting and management services provided by the Group to Subsidiaries (the "Subsidiaries").</p>

		<p>The 10 largest clients, in terms of turnover, generated c.a. 50% of the Group's total revenues. The Group is export orientated with c.a. 80% of 2017 sales being generated from exports, mainly of mushrooms, grain and milk. In 2017, the main export markets of the Group were the following: Scandinavian and Baltic countries, Poland and Germany. In 2017 exports were commenced to Israel, the United Kingdom, the Netherlands, Japan and South Korea.</p>															
B.4a	Significant recent trends affecting the issuer and the industry	<p>The Group cultivated around 33 thousand hectares as at 31 December 2017, out of which around 6 thousand hectares were left as fallow in 2017 and were seeded and harvested in the 2017/2018 season. In addition, around 5.2 thousand additional hectares will be added to cultivated land in 2018 due to acquisition of Raseinių agra UAB. As a result, the total land area of crops will increase by around 11 thousand hectares from around 27 thousand hectares in 2017 to 38 thousand hectares in 2018. Successful completion of cultivated land area expansion and its conversion to organic farming is one of the main focuses of the Group at the moment.</p> <p>Despite increase in cultivated land area, it is expected that the total amount of organic subsidies will remain more or less on the same level. Despite transferring to organic farming, Raseinių agra UAB will not receive organic farming subsidies as all resources of Lithuanian agricultural policy for 2014-2020 branch "Organic agriculture" are already allocated. Raseinių agra UAB started transfer to organic agriculture procedures in the year 2017 and it is expected that its production will be certified as fully organic in the year 2019.</p> <p>Timely and correct operations on the fields are vital in order to achieve the desired results – therefore the Group plans to continue investments into agricultural equipment dedicated to organic agriculture. Additional investments into agricultural equipment will be needed due to expanded cultivated land area as well. As during transition period, the Group plans to undergo various operational tests on sustainable organic farming model for purpose to increase efficiency and yields.</p> <p>As at 31 December 2017 the Group herd was comprised of 3,670 milking cows (2016: 3,554), along with 2,949 heifers (2016: 3,277) grown for replacement of milking cows and 128 bulls (2016: 191). The gross profit of the dairy segment was EUR 0.5 million in 2017. The Group annually produces and sells around 11 thousand tonnes of fresh cultural mushrooms. The gross profit of the mushroom growing segment was around EUR 1 million in 2017.</p> <p>It is planned that the number of livestock will remain stable. Milk produced by the Group was certified as organic since August 2017, however as at the end of year 2017 not all milk output was sold with an organic price premium. The Group aims to significantly increase the percentage of milk sold with an organic price premium during 2018.</p> <p>The mushroom growing business is expected to remain in leading positions across the Baltics, with no significant production capacity expansion plans forecasted for the coming years. After full transition to an organic farming methods of the Group's agricultural subsidiaries in 2017 the mushroom operation can be supplied with a sufficient amount of organic straw, which was the key bottleneck in the past to grow organic mushrooms. Therefore, the Group expects to increase the percentage of production of organic mushrooms and develop new sales markets for this product.</p>															
B.5	Group description. Position of the Company within the Group	<p>The Company is the holding company of the Group. As of the date of this Prospectus the Group controlled 135 Subsidiaries: 67 agricultural companies and the remaining being responsible for land acquisition, rent, management and other activities.</p>															
B.6	Persons, directly or indirectly, having interest in the Company's capital or voting rights notifiable under Lithuanian law and the amount of such interest. Voting rights of major shareholders	<p>The holdings of Major Shareholders (the "Major Shareholders") of the Issuer as on the date of this Prospectus are provided below:</p> <table border="1"> <thead> <tr> <th><i>Name of the company</i></th> <th><i>Votes and Shares held by shareholder, units</i></th> <th><i>Votes and Shares held by shareholder, %</i></th> </tr> </thead> <tbody> <tr> <td>Baltic Champs Group UAB</td> <td>165,167,939</td> <td>88.13</td> </tr> <tr> <td>Multi Asset Selection Fund</td> <td>10,920,736</td> <td>5.83</td> </tr> <tr> <td>Free float</td> <td>11,327,577</td> <td>6.04</td> </tr> <tr> <td>Total</td> <td>187,416,252</td> <td>100</td> </tr> </tbody> </table> <p><i>Source: the Company</i></p>	<i>Name of the company</i>	<i>Votes and Shares held by shareholder, units</i>	<i>Votes and Shares held by shareholder, %</i>	Baltic Champs Group UAB	165,167,939	88.13	Multi Asset Selection Fund	10,920,736	5.83	Free float	11,327,577	6.04	Total	187,416,252	100
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	Direct or indirect control of the Company	<p>All of the Issuer's Shares (including the New Shares after their issuance) provide the same voting rights for all the shareholders.</p> <p>The control of the Issuer is exercised by the Issuer's shareholders. The Issuer is not aware of any direct or indirect control links, except that Baltic Champs Group UAB (the "Selling Shareholder") is fully owned by Chairman of the Management Board Kęstutis Juščius.</p> <p>The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. Also, the Company is not aware of any common control agreements between its shareholders. As of the date of the Prospectus, the Company is not aware of any existing agreements between the shareholders of the Company on the use of voting rights in effect following the completion of the capital increase of the Company.</p>																																																																																																																														
B.7	Selected historical key financial information. Narrative description of significant change to the Company's financial condition and operating results subsequent to the period covered by selected historical key financial information	<p>Selected financial information from the audited annual and unaudited interim consolidated income statements of the Group (EUR '000)</p> <table border="1" data-bbox="523 566 1497 954"> <thead> <tr> <th>Item</th> <th>3-month period ended 31 March 2018</th> <th>3-month period ended 31 March 2017</th> <th>Year ended 31 December 2017</th> <th>Year ended 31 December 2016</th> <th>Year ended 31 December 2015</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2" style="text-align: center;"><i>unaudited</i></td> <td colspan="3" style="text-align: center;"><i>audited</i></td> </tr> <tr> <td>Revenues</td> <td>11,492</td> <td>12,107</td> <td>48,784</td> <td>39,630</td> <td>47,425</td> </tr> <tr> <td>Operating profit</td> <td>989</td> <td>289</td> <td>6,697</td> <td>3,890</td> <td>8,129</td> </tr> <tr> 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² Other non-current assets include investments in subsidiaries, intangible assets, long-term receivables, available for sale investments, associates deferred tax asset.

³ Other non-current liabilities include deferred grant income, deferred tax liability.

Current borrowings	21,673	13,607	5,350	6,077
Trade payables	14,358	14,467	8,796	8,473
Other current liabilities ⁴	5,711	7,162	5,347	4,313
Total current liabilities	48,764	42,698	25,768	38,145
Total liabilities	79,035	69,533	49,852	66,136
Total equity and liabilities	158,675	148,548	122,090	135,266
Financial debt (current and non-current, including financial leases)	54,622	43,591	31,990	46,678
Invested capital (financial debt and total equity)	134,262	122,606	104,228	115,808

Sources: Consolidated Financial Statements, Consolidated Interim Information

Selected financial information from the audited annual and unaudited interim cash flow statements of the Group (EUR '000)

Item	3-month period ended 31 March 2018	3-month period ended 31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	<i>unaudited</i>		<i>audited</i>		
Cash flow from/ (to) operating activities	(3,162)	1,165	4,365	806	8,059
Cash flow from/ (to) investing activities	(2,399)	(2,455)	(6,552)	1,430	(1,544)
Cash flow from/ (to) financing activities	5,981	53	1,158	(4,654)	(3,501)

Sources: Consolidated Financial Statements, Consolidated Interim Information

This Prospectus contains certain financial measures that are not defined or recognised under the IFRS (the "IFRS") and which are considered to be "alternative performance measures" as defined in the "ESMA Guidelines on Alternative Performance Measures" issued by the European Securities and Markets Authority on 5 October 2015 (the "Alternative Performance Measures (APMs)"). This Prospectus presents the following Alternative Performance Measures defined further below.

Item	12-month period ended 31 March 2018	12-month period ended 31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
EBITDA*, EUR'000	13,750	10,757	14,193	11,213	12,702
EBITDA**, EUR'000	12,724	9,286	13,178	9,623	10,748
EBITDA* margin, %	28.55	25.12	29.09	28.29	26.78
EBITDA** margin, %	26.42	21.69	27.01	24.28	22.66
Debt/EBITDA* (x)	3.97	3.36	3.07	2.85	3.67
Debt/EBITDA** (x)	4.29	3.89	3.31	3.32	4.34
Equity ratio (x)	0.50	0.56	0.53	0.59	0.51
Adjusted working capital, EUR'000	29,602	19,812	26,101	19,604	15,499
Liquidity ratio (x)	1.10	1.24	1.16	1.37	0.74
Quick ratio (x)	0.62	0.87	0.56	0.78	0.51
ROA, %	5.13	2.43	4.95	3.02	6.29
ROE, %	7.34	2.27	6.54	3.09	9.03

Source: the Company (unaudited)

The reconciliation of APMs to the line items presented in the Consolidated Financial Statements is provided below (EUR '000):

⁴ Other current liabilities include other payables and current liabilities, liabilities directly associated with assets classified as held for sale.

EBITDA* represents net cash flows from operating activities eliminating adjustments for loss (gain) on change in fair value of biological assets, changes in working capital, income tax paid, interest received, interest paid. 2017: Net cash flows from operating activities 4,365 + Loss (gain) on changes in fair value of biological assets 4,159 + (Increase) decrease in biological assets 6,568 - (Increase) decrease trade receivables and prepayments 3,468 + (Increase) decrease in inventory 6,675 - Decrease (increase) in trade and other payables 5,908 + Interest paid 1,802 = 14,193.

The Management uses EBITDA because it believes that EBITDA is commonly used by lenders, investors and analysts. The Group's use of the term EBITDA and the method of calculating EBITDA may vary from other companies' use and calculation of such term. In particular, EBITDA as presented in this Prospectus is calculated in a manner defined in some of the Company's borrowings terms and conditions.

12 months to 31 March 2018:

- a) EBITDA of 3 months of 2018: Profit (loss) before income tax 625 + Depreciation expense 1,742 + Amortization expense 54 - Reversal of impairment of PPE 1,898 + (Profit) loss on sales of non-current assets 26 + Write-offs of Inventory and Biological Assets 74 + Net finance costs 364 - Grants related to assets, recognized as income 141 = 846;
- b) + EBITDA of 2017 (explained below);
- c) - EBITDA of 3 months of 2017(explained below).

12 months to 31 March 2017:

- a) EBITDA of 3 months of 2017: Profit (loss) before income tax 17 + Depreciation expense 1,532 + Amortization expense 2 + (Profit) loss on sales of non-current assets 43 + Net finance costs 251 - Grants related to assets, recognized as income 556 = 1,289;
- b) + EBITDA of 2016 (explained below);
- c) - EBITDA of 3 months of 2016: Profit (loss) before income tax 555 + Depreciation expense 1,395 + Amortization expense 34 + (Profit) loss on sales of non-current assets 41 - (Profit) loss on sale of investment property 22 - Net finance costs 389 + Grants related to assets, recognized as income 131 = 1,745.

2017: Profit (loss) before income tax 4,793 + Depreciation expense 6,800 + Amortization expense 178 + Write offs and Impairment of PPE 41 - (Profit) loss on sales of non-current assets 2 + Write-offs of Inventory and Biological Assets 1,102 + Net finance costs 1,904 - Grants related to assets, recognized as income 623 = 14,193.

2016: Profit (loss) before income tax 1,792 + Depreciation expense 6,058 + Amortization expense 50 + Write offs and Impairment of PPE 559 + (Profit) loss on sales of non-current assets 227 + Write-offs of Inventory and Biological Assets 1,266 + Net finance costs 2,098 - Acquired own liabilities at discount 184 + Impairment of Accounts receivable 10 - Grants related to assets, recognized as income 663 = 11,213.

2015: Profit (loss) before income tax 6,128 + Depreciation expense 6,177 + Amortization expense 151 + Write-offs and Impairment of PPE 640 - (Gain) on sale of Investment Property 174 + Write-offs of Inventory 1,509 + Net finance costs 2,001 - Acquired own liabilities at discount 10 - Revaluation of Investment Property 3,339 + Impairment of Accounts receivable 65 - Grants related to assets, recognized as income 446 = 12,702.

EBITDA** is calculated as profit before interest, corporate income taxes, depreciation and amortization in addition eliminating one-off effects to net profit.

12 months to 31 March 2018:

- a) EBITDA of 3 months of 2018: Profit (loss) before income tax 625 + Finance cost 329 + Depreciation; amortization expense and grants related to assets, recognized as income 1,619 - (reversal of impairment of Karakash agro OOO and Karakash OOO assets 1,898 - termination expenses of Arginta Engineering UAB purchase agreement 715 + other one-offs 31) = 1,359;
- b) + EBITDA of 2017 (explained below);
- c) - EBITDA of 3 months of 2017 (explained below).

12 months to 31 March 2017:

- a) EBITDA of 3 months of 2017: Profit (loss) before income tax 17 + Finance cost 252 + Depreciation; amortization expense and grants related to assets, recognized as income 1,535 + One-offs 10 = 1,814;
- b) + EBITDA of 2016 (explained below);
- c) - EBITDA of 3 months of 2016: Profit (loss) before income tax 583 + Finance cost 389 + Depreciation; amortization expense and grants related to assets, recognized as income 1,297 - One-offs 118 = 2,151.

2017: Profit (loss) before income tax 4,793 + Finance cost 1,904 + Depreciation expense 6,800 + Amortization expense 178 - Grants related to assets, recognized as income 623 + One-offs 126 = 13,178.

		<p>2016: Profit (loss) before income tax 1,792 + Finance cost 2,098 + Depreciation expense 6,058 + Amortization expense 50 – Grants related to assets, recognized as income 663 + One-offs 288 = 9,623.</p> <p>2015: Profit (loss) before income tax 6,128 + Finance cost 2,001 + Depreciation expense 6,177 + Amortization expense 151 – Grants related to assets, recognized as income 446 – One-offs 3,263 (gain on revaluation of investment property elimination -3,339 + other one-offs 76) = 10,748.</p> <p>EBITDA margin = EBITDA/Revenues.</p> <p>Debt/EBITDA = (Non-current borrowings + non-current obligations under finance lease + current portion of non-current borrowings + current portion of non-current obligations under finance lease + current borrowings) / EBITDA.</p> <p>Equity ratio = Total equity / Total assets.</p> <p>Adjusted working capital = Current biological assets + Trade receivables, advance payments and other receivables + Inventory – Trade payables – Other payables and current liabilities.</p> <p>The adjusted working capital formula eliminates cash and financing elements allowing the reader to see how well the short-term assets and liabilities directly related to operations of the Group are being utilized. Total current assets and total current liabilities are used to describe liquidity ratio which is also included as a key ratio of the Group.</p> <p>Liquidity ratio = Total current assets/ Total current liabilities.</p> <p>Quick ratio = (Total current assets – Inventory)/ Total current liabilities.</p> <p>ROA = Operating profit / ((Total assets year end + total assets year beginning)/2). 12 months to 31 March 2018: 7,397/((158,675+129,953)/2) = 5.13%. 12 months to 31 March 2017: 3,192/((129,953+132,239)/2) = 2.43%. 2017: 6,697/((148,548+122,090)/2) = 4.95%. 2016: 3,890/((122,090+135,266)/2) = 3.02%. 2015: 8,129/((135,266 + 123,031)/2) = 6.29%.</p> <p>ROE = Net profit attributable to equity holders of the Company / ((Equity attributable to equity holders of the parent year end + equity attributable to equity holders of the parent year beginning)/2). 12 months to 31 March 2018: 5,573/((79,640+72,255)/2) = 7.34%. 12 months to 31 March 2017: 1,607/((72,255+69,392)/2) = 2.27%. 2017: 4,926/((78,633+71,945)/2) = 6.54%. 2016: 2,173/((71,945+68,809)/2) = 3.09%. 2015: 5,618/((68,809+55,604)/2) = 9.03%.</p>
B.8	Selected key pro forma financial information	Not applicable. The Prospectus does not contain pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. The Issuer is not providing financial forecasts or estimates in the Prospectus.
B.10	Qualifications in the audit report on the historical financial information	<p>PricewaterhouseCoopers UAB included the following emphasis of matter paragraph in its auditor's report on the Group's and the Company's consolidated and separate financial statements for the year ended 31 December 2017:</p> <p><i>We draw attention to Note 30 to these separate and consolidated financial statements, and the key audit matter "Regulatory oversight actions over the Company" below, which describe the uncertainty related to the outcome of the legal dispute between the Company and the Bank of Lithuania. Our opinion is not qualified in respect of this matter.</i></p> <p>PricewaterhouseCoopers UAB included the following emphasis of matter paragraph in its auditor's report on the Group's and the Company's consolidated and separate financial statements for the year ended 31 December 2016:</p> <p><i>We draw attention to Note 30 to these separate and consolidated financial statements, and the key audit matter "Regulatory oversight actions over the Company" below, which describe the uncertainty related to the outcome of the legal dispute between the Company and the Bank of Lithuania. Our opinion is not qualified in respect of this matter.</i></p> <p>KPMG Baltics UAB included the following emphasis of matter paragraph on the Group's and the Company's consolidated and separate financial statements for the year ended 31 December 2015:</p>

		<p><i>Without qualifying our opinion on both the separate and the consolidated financial statements we draw attention to Note 31 disclosing that Agrowill Group AB⁵ has received Decision No. 241-38 of 15 February 2016 from the Supervision Service of the Bank of Lithuania. The management disagreed with the position of the Supervision Service of the Bank of Lithuania, including the issue regarding valuation of the UAB eTime Invest shares used by one of the Company's shareholders as non-monetary contribution for an increase in share capital of Agrowill Group AB, and has issued a legal challenge against the Decision of the Supervision Service of the Bank of Lithuania to the court. As explained in Note 31, the ultimate outcome of this matter and its implications cannot presently be determined.</i></p> <p>The Company notes that on 18 May 2018 a repeated retrospective valuation of the 100% of shares in eTime invest UAB was completed and a new valuation report issued by Newsec valuations UAB. The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania checked the respective report on retrospective valuation of the 100% of shares in eTime invest UAB of 18 May 2018 and determined on 11 June 2018 that it complied with the requirements of Article 22 of the Law of the Republic of Lithuania on the Bases of Property and Business Valuation. Taking this into account, the above instruction of the Bank of Lithuania has been duly fulfilled, which means that there is no dispute regarding payment for previously issued Shares of the Company. Thus, all of them are fully paid-up.</p>
B.11	Working capital	<p>In the opinion of the Issuer, the working capital of the Group is sufficient for its present requirements (12 upcoming months). Due to business specifics of the Group, related to agriculture and specifically organic farming, working capital needs for business operations have comparatively high seasonality throughout the year. Working capital needs usually peaking at the second and third quarters. The Group uses short-term credit line facilities to partly finance working capital. Credit line facilities are usually renewed annually on regular basis.</p>

Section C – Securities

Element	Title	Disclosure
C.1	Type and class of securities and security identification number	<p>All the Shares (also the New Shares will be) are ordinary registered shares with a nominal value of EUR 0.29 each and are registered with Nasdaq CSD ("Nasdaq CSD") under ISIN code LT0000127466, as well as in the Polish settlement institution's (the "CSDP") foreign account in Nasdaq CSD.</p> <p>After issuance and registration of the New Shares and assimilation of the previous issue, the ISIN number of the New Shares will be the same as the ISIN number of the Shares, already issued.</p> <p>All the Shares, including the New Shares, are pari passu (at an equal pace without preference) with regard to property and non-property rights they grant to shareholders.</p>
C.2	Currency of the issue	EUR (euro).
C.3	Number of shares issued and fully paid / issued but not fully paid. Par value per share	<p>As of the date of this Prospectus, the Company's share capital is EUR 54,350,713.08 and is divided into 187,416,252 registered Shares with a nominal value of EUR 0.29 each.</p> <p>As of the date of this Prospectus, all of the issued and outstanding Shares are fully paid up.</p>
C.4	Rights attached to the securities	<p>Pursuant to Article 4 of the Articles of Association (the "Articles of Association"), rights conferred by the shares of the Company are as follows:</p> <ul style="list-style-type: none"> – To receive a part of the profit of the Company (a dividend); – To receive funds of the Company where the authorised capital of the Company is reduced for the purpose of paying the funds of the Company to shareholders; – To receive a part of assets of the Company in liquidation; – To receive shares without payment where the authorised capital of the Company is increased out of the funds of the Company, except in cases provided by the Law on Companies (the "Law on Companies"); – To have the pre-emptive right in acquiring the shares or convertible debentures issued by the Company, except when the General Meeting (the "General Meeting") resolves to withdraw the pre-emptive right for all the shareholders following the procedure provided by the Law on Companies; – To transfer all or any of the shares to other persons following the procedure established by the Articles of Association and the laws and regulations of the Republic of Lithuania. Shareholders shall have the right to transfer only fully paid up shares to other persons; – To lend money to the Company following the procedure and as provided by the laws of the Republic of Lithuania. However, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the Company borrows

⁵ Former name of the Company (until 26 October 2016).

		<p>from a Shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusions of the loan agreement. In this case the Company and shareholders shall be prohibited from negotiating a higher interest rate;</p> <ul style="list-style-type: none"> - To attend General Meetings with the right to vote and to vote at General Meetings according to voting rights carried by their shares; - To submit questions to the Company in advance relating to agenda questions of the General Meeting; - To receive information about the Company specified in the Law on Companies; - To file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Manager of the Company and members of the Management Board of their obligations established by the laws of the Republic of Lithuania and these Articles of Association, as well as in other cases laid down by law of the Republic of Lithuania; - Other property and non-property rights provided by the laws and the Articles of Association.
C.5	Restrictions on free transferability of securities	<p>There are no restrictions on transfer of Shares (including the New Shares) as they are described in the applicable laws.</p> <p>However, there is a Lock-up Agreement (the "Lock-up Agreement") signed between the Selling Shareholder and the Global Lead Manager (the "Global Lead Manager") on the restriction of the disposal of shares held for a certain time period (excluding the Sale Shares).</p>
C.6	Admission to trading / Names of the regulated markets	<p>All of the Shares of the Company are currently listed on the Baltic Secondary List of Nasdaq Vilnius and on the Parallel Market of the WSE. On 25 June 2018 the closing price of Shares on Nasdaq Vilnius was EUR 0.488 and on the WSE – PLN 1.64. No other securities are currently issued by the Company and/or admitted to trading on any regulated market.</p> <p>The Issuer intends that after a successful execution of the Offering, all its Shares (including the New Shares) are traded not on the Baltic Secondary List, but on the Baltic Main List of Nasdaq Vilnius. For this purpose the Issuer has filed a request to Nasdaq Vilnius for adoption of a decision on conditional admission of New Shares to trading on the Baltic Main List of Nasdaq Vilnius, as well as the move of all existing Shares (including the Sales Shares) from the Baltic Secondary List to the Baltic Main List. On 26 June 2018 Nasdaq Vilnius management board passed the respective decision and established the following conditions to be fulfilled by 30 September 2018 in order that the New Shares were listed on the Main List of Nasdaq Vilnius (and the existing Shares switched to the same list): (a) distribution of the Shares to the public to the extent that the requirement regarding sufficient portion of free float would be met, (b) presentation by the Company of the report to Nasdaq Vilnius concerning fulfilment of the above condition and the decision of the Nasdaq Vilnius management board, confirming that the Issuer and its financial instruments meet all the requirements set forth in the Listing Rules. The Issuer expects that trading in the New Shares on the WSE and on Nasdaq Vilnius will commence on or about 3 August 2018.</p>
C.7	Dividend policy	<p>The Company does not have an approved policy on dividend distributions and any restrictions thereon. A decision on distribution of dividends to shareholders is adopted by the General Meeting, with a right to propose a draft decision with this regard generally vested with the Management Board, the Supervisory Council and the shareholders, holding not less than 1/20 of all the shares and votes in the General Meeting. Permission from banks may also be necessary, depending on the financial leverage at the time.</p> <p>The Company's current priority is to use profits for the development of the Company, rather than for the distribution of dividends and it has not paid out dividends in the last three years. However, the Company does not rule out paying dividends in the future depending on its financial performance, cash flows, financial condition, capital requirements and the results of the investment projects currently underway. Such payment may range from 25-50% of net profits for any particular financial year.</p>

Section D – Risks

<i>Element</i>	<i>Title</i>	<i>Disclosure</i>
D.1	Key risks specific to the Company or the industry	<p>Group Specific Risk Factors</p> <p>The Issuer's financial reporting accuracy risk. In the respective independent auditors' reports on the Consolidated Financial Statements, the Issuer's auditors included an emphasis of matter paragraph. However, the auditors' reports are not qualified in respect of this matter.</p> <p>A considerable number of the Group Companies (21 as enterprises (16.3% of all the Subsidiaries) and 44 of securities of Subsidiaries (32.6% of all the Subsidiaries)) are pledged. The shareholder (respective Group Company) cannot dispose the pledged shares and/or the enterprises without the written consent of the respective creditor(s). Furthermore, in case obligations secured by pledge will not be</p>

fulfilled, pledged shares and/or the enterprises could be taken over by the creditor(s) of the Group Companies.

The level of the Group's borrowed capital may lead to restricted financing opportunities of the Group and cause difficulties in settlement with creditors. The Group's deployment of borrowed capital is significant. As of 31 December 2017, the aggregate debt of the Group amounted to EUR 43,591 thousand (31 December 2016: EUR 31,990 thousand, 31 December 2015: EUR 46,678 thousand). As of 3 months ending 31 March 2018 the aggregate debt of the Group amounted to EUR 54,622 thousand (unaudited).

The level of indebtedness of the Group may also entail significant consequences, including which in turn may limit the Group's development possibilities as well as competitive advantages may decrease.

The Group's credit risk. Investors assume the risk that due to the existing adverse changes in product markets, deterioration in the Group's financial situation, decrease of loan re-financing possibilities or other risk factors, the Group may be unable to settle with its creditors and this would have a negative effect on the Group's business and the value of the Issuer's shares respectively. Credit risk related to the funds in banks is limited as the Group only works with major Lithuanians banks.

Dependence on external financing. Further development of the Group's activities will require substantial amounts of capital to fund operating activities and capital expenditures. For this reason, failure to secure adequate levels of external financing might limit the Group's growth plans and place it at a competitive disadvantage when compared to better-capitalized peers.

Furthermore, the credit facilities of the Group contain covenants placing certain restrictions and limiting the discretion of the Management through the necessity to meet certain financial ratios and existence of restrictions to grant or receive loans, to establish new entities, etc. without an approval of the financing party.

EUR 7,022 thousand of the Group's financial liabilities will have to be repaid in 2018. As of 31 March 2018, around EUR 4,564 thousand of principal payments of the bank credit facilities drawn by the Group will have to be repaid in 2018. In addition, EUR 2,458 thousand of principal finance lease payments will have to be repaid in 2018. It is probable that the Group will look for additional external financing to cover these payments, including debt refinancing. Failure to repay or refinance these financial liabilities may lead to a material adverse effect on the Group's operations.

The Group uses short-term credit line facilities to finance working capital. As of 31 December 2017, the Group's short-term credit line borrowing amounted to EUR 13,607 thousand (2016: EUR 5,350 thousand). As of three months ending 31 March 2018, the Group's short-term credit line borrowing amounted to EUR 21,673 thousand (unaudited). Credit line facilities are used to finance working capital and is renewed annually on regular basis. Should the Group have difficulties in renewing/refinancing these credit line facilities or fail to do so, this could potentially have a significantly negative effect on the viability of business operations conducted by the Group.

Dependence on key executives and personnel. Each area of the Group's activities depends on the Issuer's and Group's executive team responsible for the development, growth and proper day-to-day operation of each separate field. Therefore, the Group's ability to remain competitive and implement its strategy is determined largely by the experience, knowledge, personal relations and other characteristics of these people. The Group's capability to attract and retain executives of sufficiently high calibre can also impact the Issuer's future success.

Possible risks related to environmental regulation. The Group has to comply with environmental regulations and it may be held liable for improper compliance with such rules.

The Group may need to significantly update existing and operational equipment. The Group uses a variety of equipment and technologies in its business. Therefore, the Group encounters a risk of breakdown or wear and tear of parts of the most important equipment and technologies prematurely. In this case, the Group should allot considerable funds for repair or update of the equipment thus limiting its possibilities of investing in its development and entering new markets.

Insolvencies among major customers and contracting parties. Insolvencies among the Group's customers or contracting parties could result in losses for the Group and may have a material adverse effect on the Group's revenues and results of operations. However, the Management considers that the portfolio of its clients is well diversified, with top 10 clients ensuring approximately 50% of the Group's sales, while the largest one – around 13% of the Group's sales.

The Group is dependent on the availability of third party suppliers of equipment and raw materials. If the Group is unable to secure sufficient supplies of equipment and materials, such as seeds, fuel, feed, organic farming compliant fertiliser and other items, and at reasonable prices, in order to carry out its operations, or that any of its third-party suppliers do not perform as expected, it may have a material adverse effect on the Group's business, financial conditions, result of operations and prospects.

The payments under the Group's land lease agreements may increase. As of 31 March 2018, the Group owned over 3 thousand hectares of agricultural land and cultivated over 38 thousand hectares, of which around 35 thousand hectares were leased. The plots leased are of significant acreage, so any increase of the land lease payments above the Group's current expectations could negatively affect the Group's financial results of operations and the financial condition.

Certain lease contracts may be terminated without default of the Group Companies. Certain lease agreements concluded by the Group Companies grant to a landlord the right to terminate the contract on grounds not related to the lessee's fault (e.g. if the creditor of the landlord starts recovery from leased land, annual agreement on rent fee is not reached, etc.). This may affect approximately 16% of the total leased area.

The Group Companies have overdue payments to their suppliers. The Group Companies had overdue payments to their suppliers in the total amount of EUR 1.7 million as of 31 December 2017. As of the date hereof, the Group Companies have not received any claims or penalties with respect to delay in payments. The Group Companies are also continuously working with the suppliers on settlement terms to minimize all the mentioned risks.

The Group Companies have extensive commercial relations with each other, which may create negative tax implications. The Group Companies have extensive dealings/transactions with each other. According to the applicable tax laws, transactions between the related parties must be concluded at arm's length. In 2017 the Group Companies have prepared transfer pricing documentation for future periods with respect to management fees, brand licensing and intra-group loans. However, the documentation does not cover previous periods, as well as other transactions.

The Group Companies may be subject to review regarding acquisition and holding of agricultural land. The Group Companies own more than 3 thousand ha of agricultural land. The Law of the Republic of Lithuania on Acquisition of Agricultural Land (wording valid as from 1 January 2014) specified the maximum area of agricultural land of 500 ha that may be acquired into ownership by a single person or a group of associated persons. However, the latter threshold may be exceeded if such additional agricultural land is acquired for livestock farming (but not more than 1 ha in respect of 1 livestock unit owned). The legal restriction on maximum area of own agricultural land should not be applied retroactively.

Industry Specific Risk Factors

Risk of diseases. The Group's business is *inter alia* related to assets of plant or animal origin. Epidemic cattle diseases (e.g., bovine spongiform encephalopathy or 'mad cow disease'), any diseases, bacteria, etc. may decrease demand of such products due to fear of consequences arising from these issues. Such changes may lead to aggravation of the Issuer's financial condition.

Change in demand for and price sensitivity to organic food. While the trends indicate an increase in demand for organic food products at a price premium, any adverse change in economic conditions that could lead to price sensitivity or any negative publicity towards organic consumption may have a significant impact on the Issuer's performance. The Issuer has aligned itself to be an organic producer and would therefore depend on the demand for organic food.

Loss of recognitions and certifications. The Issuer is currently recognised as an organic producer and holds among others Global GAP, Kosher and BRC Food certification. This can be considered an important part of the Issuer's brand and market positioning, thus a loss of these certifications may result in a decline in demand or the Issuer's brand value. Loss of certification as an organic producer would also reduce the potential income from EU subsidies relating to organic farming.

Changes in EU subsidies. The Issuer receives significant income from EU subsidies and this is important for the continued viability of the business. If for any reason these subsidies were removed or reduced, this could have significant implications in many areas of the Issuer's business including (i) reduced operating cash flows and profitability, and (ii) decreases in value of land and investment property and thus the possible impairment of

		<p>property, plant and equipment. Significant changes in EU subsidy programmes could also threaten the long-term viability of the Issuer's operations.</p> <p>Expressed or implied dangers related to the quality, safety or health effects of products offered by the Group could give rise to liability of the Group and prejudice to its business and reputation. Notwithstanding the control mechanisms applied by the Group in its activities, there are no guarantees that any of the products offered by the Group (milk, grain crops, mushrooms, etc.) could not be recognised as incompatible with quality requirements or unsuitable for further processing and use. Therefore, the Group may be forced to recall or destroy these agricultural products and to assume liability for causing risk posed by these products to health of consumers.</p>
D.3	Key risks that are specific to the Shares	<p>The price of the Issuer's Shares may fluctuate. The market price of Shares listed on a regulated market is determined by supply and demand, which depends on a number of factors that can be either related or non-related to the performance of the Company. As a consequence, the price of the Shares may go down as well as up, therefore the shareholders may incur losses.</p> <p>Turmoil in equity markets could have a negative impact on the value of the Shares. Financial or other turmoil in equity markets has in the past adversely affected market prices in the world's securities markets for companies operating in all sectors and economies. There can be no assurance that renewed volatility stemming from future financial turmoil, or other factors, such as political unrest, that may arise in local and/or other markets, will not adversely affect the value of the Shares.</p> <p>Planned increase in the number of the Shares can reduce their price and bear a dilution effect to existing shareholders not participating in subscribing for the Offer Shares. The increase of the number of the Issuer's Shares may have a negative effect on their price. Following the capital increase of the Company (presuming that all 40,000,000 New Shares shall be subscribed and paid for, also provided that none of the existing shareholders acquire the New Shares), the existing shareholders' stake in the Issuer's share capital after the new Issue (excluding impact of Sale Shares) will be equal to 82.41%, i.e. the shareholdings of the current shareholders stakes would be reduced by 17.59%.</p> <p>No guarantee of dividend payment to the Issuer's shareholders. The Company is under no lasting and definite obligation to pay regular dividends to its shareholders and no representation can be made with respect to the payment and amount of future dividends, if any.</p> <p>The Offering and/or the Admission may be delayed, suspended or cancelled; the Investors are not guaranteed that they will be allotted the number of Offer Shares they subscribed for, if at all. Public offerings are subject to various circumstances independent from the Issuer. In particular, the demand for the Offer Shares is shaped by, among others, investors' sentiment towards the sector, legal and financial conditions of the Offering. In case such circumstances would have adverse impact on the results of the Offering, the Issuer may decide to delay, suspend or cancel the Offering. Consequently, the investors may be unable to successfully subscribe for the Offer Shares and payments made by investors during the Offering, if any, will be returned without any compensation.</p> <p>Large shareholders' risk. 88.13% of Shares and voting rights granted thereby are held (and, assuming that all the Offer Shares will be fully subscribed and paid for 63.83% of Shares and voting rights will be held) by a single Selling Shareholder. Voting of this shareholder will influence all the decisions to be taken by the General Meeting, e.g. the election of the members of the Supervisory Council, distribution of profit, increase of the authorised capital of the Company, etc. There is no guarantee that the Selling Shareholder's decisions will always coincide with the opinion and interest of other shareholders. The Selling Shareholder has also the possibility to block the proposed decisions of other shareholders of the Company.</p> <p>There can be no assurance regarding the future development of the market for the Shares and its liquidity. The existing Shares are listed on the WSE and on Nasdaq Vilnius. However, the past performance of such Shares on the WSE and/or on Nasdaq Vilnius cannot be treated as indicative of likely future development of market and future demand for the Shares. The lack of a liquid public market for the Shares may have a negative effect on the ability of shareholders to sell their shares, or adversely affect the price at which the holders are able to sell their shares.</p> <p>Dual listing of the Shares results in differences in liquidity, settlement and clearing systems, trading currencies and transaction costs between the two exchanges where the Shares are listed. These and other factors may hinder the transferability of the Shares between the two exchanges. The existing Shares are listed on the WSE and on Nasdaq Vilnius. Therefore, trading and liquidity of the Shares are split between those two exchanges. Furthermore, the price of the Shares may fluctuate</p>

and may at any time be lower on the Nasdaq Vilnius than the price at which the shares are traded on the WSE and vice versa.

Section E – Offer

Element	Title	Disclosure																
E.1	Total net proceeds. Estimate of total expenses of the Issue (including estimated expenses charged to the investor)	<p>Expenses directly related to the Offering are estimated to be approximately EUR 1,200 thousand. According to the decision of the Annual General Meeting, dated 30 April 2018, expenses of the Offering shall be shared by the Company and the Selling Shareholder proportionately to the number of the New Shares and Sale Shares sold during the Offering. Therefore, the net proceeds of the Company from the Offering using the mid-point of the price range, are expected to be up to EUR 18,200 thousand (i.e. EUR 19,000 thousand gross proceeds minus approximately EUR 800 thousand of proportionate part of the expenses directly related to the Offering).</p> <p>The Issuer will only receive the net proceeds from the sale of the New Shares, whereas the Selling Shareholder will receive the net proceeds from the sale of its Sale Shares.</p> <p>The Selling Shareholder and the Company will share the costs indicated above in proportion of the Offer Shares sold.</p> <p>The final amount of expenses covered by the Company will be calculated after the Offering and will be publicly announced within two weeks from the Settlement Date.</p> <p>Investors will not be charged expenses by the Issuer, the Selling Shareholder or the Global Lead Manager, related to the Offering. However, the Investors must bear all costs and fees charged by the respective Participating Institution (the “Participating Institution”) through which they submit their Subscription Undertakings. This may include costs and fees for the submission, amendment or cancellation of a Subscription Undertaking, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular financial institution.</p>																
E.2a	Reasons for the Issue / Use of proceeds / Estimated net amount of proceeds	<p>The Company intends to use the net proceeds of the Offering primarily to finance the Company’s ongoing development projects (which may <i>inter alia</i> include acquisitions), and thus laying foundation for further business development, both domestically and internationally. The Management believes that this will provide opportunities to meet the increasing demand of organic markets and to expand the production of organic products for end consumers. During the last few years, the Company has successfully executed its strategic plans by signing successful acquisition transactions of Lithuanian business of KTG Agrar entities and Raseinių agra UAB and demonstrated improving business results.</p> <p>The planned use of proceeds by the Company is provided in the table below. A combination of both equity, bank debt and internal cash flow financing sources are expected to be applied, with the total capex programme totalling EUR 30,000 thousand.</p> <p>The following are projects ready for the implementation stage and are listed in order of priority. Majority of listed projects are scalable and can be implemented in separate stages, therefore implementation speed and scope will depend on the amounts of funds raised during the Offering, attracted additional bank financing and will be subject to factors including, without limitation the Management’s discretion considering the operating environment, market demand / supply development, etc.</p> <table border="1"> <thead> <tr> <th></th> <th>EUR thousand</th> </tr> </thead> <tbody> <tr> <td>Further development of recently acquired agricultural companies</td> <td>4,000</td> </tr> <tr> <td>Combined feedstock production plant</td> <td>7,000</td> </tr> <tr> <td>Expanding poultry farms</td> <td>6,000</td> </tr> <tr> <td>Biogas conversion and purification, introduction of biomethane as a second-generation biofuel</td> <td>4,000</td> </tr> <tr> <td>Building new generation dairy farms</td> <td>6,000</td> </tr> <tr> <td>Other Research and Development activities</td> <td>3,000</td> </tr> <tr> <td>Total</td> <td>30,000</td> </tr> </tbody> </table> <p>The Selling Shareholder intends to use the net proceeds from the sale of the Sale Shares primarily for the repayment of outstanding debts (credits, loans) which as of the date of this Prospectus amounts to a net amount of EUR 28.5m, and remaining part of it – to finance its ongoing projects as they occur. Without limiting the foregoing, upon occurrence of the Offering, the Selling Shareholder will apply at least 80% of net proceeds from the sale of the Sale Shares towards the prepayment of its existing commercial bank debt facility once the funds from the sale of the Sale Shares are received by the Selling Shareholder. On the Prospectus approval date, the Sale Shares are pledged to the lender financing the Selling Shareholder to secure the latter’s outstanding obligations to the lender. Sale Shares, if sold, would be unencumbered (with clear title).</p>		EUR thousand	Further development of recently acquired agricultural companies	4,000	Combined feedstock production plant	7,000	Expanding poultry farms	6,000	Biogas conversion and purification, introduction of biomethane as a second-generation biofuel	4,000	Building new generation dairy farms	6,000	Other Research and Development activities	3,000	Total	30,000
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E.3	Terms and conditions of the offer	<p>General information</p> <p>On the basis of this Prospectus, the Issuer is offering up to 40,000,000 New Shares and the Selling Shareholder is offering up to 20,000,000 Sale Shares. In total, up to 60,000,000 Offer Shares are being offered in the Offering.</p> <p>The New Shares and the Sale Shares are offered jointly, so to the Investors subscribing for Offer Shares can be allocated only with the New Shares, only with the Sale Shares or with the New Shares and the Sale Shares, taking into consideration the terms and conditions of the Offering, described below.</p> <p>Thus, in the course of the Offering, up to 60,000,000 Offer Shares are being offered publicly to Retail Investors in Lithuania (the "Retail Offering"), privately to institutional or qualified investors (the "Institutional Offering"), and privately to individually identified non-institutional and non-qualified investors (the "Private Offering", and together with the Retail Offering and Institutional Offering, the "Offering"). The Institutional Offering and the Private Offering are not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Shares are not offered publicly in any country other than Lithuania. The Offer Shares are being offered at the Offer Price Range, which is equal to from EUR 0.45 to EUR 0.50 per share. Retail Investors will place their orders in EUR at the Maximum Price. The Issuer reserves the right to allocate in total a smaller number of Offer Shares than 60,000,000. This may happen, for instance, as a result of insufficient demand.</p> <p>The Offer Shares are ordinary registered shares with the nominal value of EUR 0.29 each. After the capital increase of the Company is registered with the Register of Legal Entities, the New Shares will be registered with Nasdaq CSD under the same ISIN, as the currently issued Shares are registered (LT0000127466) and will be kept in book-entry form. No share certificates have been or will be issued. The New Shares will be denominated in euro and will be governed by the laws of Lithuania. The Offer Shares will be freely transferrable.</p> <p>All the Shares are and the New Shares will be of one class, rank <i>pari passu</i> with each other and carry equal voting rights. The New Shares will give rights to dividends declared by the Company (if any) for the financial year beginning on 1 January 2018 and for subsequent financial years.</p> <p>For information on applicable selling restrictions in respect of the Offer Shares, please refer to the Section 5.8 <i>Selling Restrictions</i> and for description of the rights attached to the Shares, including the Offer Shares, please see the Section 5.5 <i>Information Concerning the Securities to be Offered and Admitted to Trading</i>.</p> <p>The Offering will involve the issue of as many New Shares as subscribed for in the course of the Offering and allocated to investors in accordance with the terms described in this Section, if the Management Board establishes so. In order to conduct the Offering, the General Meeting held on 28 March 2018 (as amended on 30 April 2018 and as detailed by the decisions of the Management Board, dated 19 June 2018 and 25 June 2018) <i>inter alia</i> resolved to authorise the Management Board, if not all the New Shares are subscribed for within the term for subscription of the New Shares to decide whether to consider the increase of the authorised capital of the Company as effective, and if so, to make respective amendments in the Articles of Association concerning the amount of the authorised capital and the number of New Shares.</p> <p>The maximum size of the Offering is fixed at 60,000,000 Offer Shares. No minimal size of the Offering is established.</p> <p>Please note that based on the decisions of the General Meeting held on 28 March 2018 (as amended on 30 April 2018), the Sale Shares are being offered by the Selling Shareholder subject to the condition that the creditors of the Selling Shareholder do not object to such offering of the Sale Shares. This is due to the reason that on the Prospectus approval date, the Sale Shares are pledged to the lender financing the Selling Shareholder to secure the latter's outstanding obligations to the lender. If the condition provided in this Prospectus for the Sale Shares to be offered shall be met and the Sale Shares will be allocated to the Investors, the pledge over the Sale Shares shall be terminated by the Settlement Date and the Sale Shares will be transferred to the Investors free of any encumbrances. If the indicated condition will not be met by the mentioned term, the Sale Shares shall not be allocated to the Investors.</p> <p>For the purposes of the Offering no tranches of the Investors are being established. Furthermore, the division of the Offer Shares between the Retail Offering, the Institutional Offering and the Private Offering is not predetermined and will be decided by the Company in consultation with the Global Lead Manager in accordance with the principles described in the Section <i>Distribution and Allocation</i>.</p>
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The Offer Shares are being offered at the Offer Price, which will be determined through a book-building process and expressed in EUR. The final number of the Offer Shares allotted to the Investors will be set by the Issuer in agreement with the Global Lead Manager after the Offer Price is determined, but will not be higher than 60,000,000.

Should the total demand for the Offer Shares be up to (including) 40,000,000 Shares and the Management Board will decide to proceed with the Offering, then all Shares allocated shall be only the New Shares. Should the total demand for the Offer Shares exceed 40,000,000 shares and the Management Board will decide to proceed with the Offering, then only the Sale Shares shall be applied to the additional demand, leading up to a total of 60,000,000 Offer Shares.

Please note, however, that on 16 July 2018 an Extraordinary General Meeting is convened. In this Extraordinary General Meeting a decision regarding amendment of the decision on agenda issue 1.4 taken by the Company at the Extraordinary General Meeting, held on 28 March 2018, amended by decision on agenda issue 6 of the Annual General Meeting held on 30 April 2018, by increasing the number of the existing shares held by Baltic Champs Group UAB and offered together with the public offering of the Shares of the Company from 20,000,000 Shares up to 40,000,000 Shares, as referred to in the draft decision was put for voting. It is suggested for the Extraordinary General Meeting to set out the respective decision as follows:

1.4. To establish that the newly issued shares to be issued under the decisions of the General Meeting, dated 28 March 2018 (up to 80,000,000 new ordinary registered shares with a nominal value of EUR 0.29 each, "Newly Issued Shares") shall be offered to the investors during the public offering of the shares of the Company together with up to 40,000,000 existing shares, owned by Baltic Champs Group UAB ("Existing Shares"), subject to the condition that the creditors of Baltic Champs Group UAB do not object to such offering of the Existing Shares. The General Meeting confirms that it consents and does not object that during the offering the Existing Shares, held by Baltic Champs Group UAB may be offered together with the Newly Issued Shares and that during the offering no Company's shares, held by any other shareholders of the Company will be offered; if the Existing Shares will be offered together with the Newly Issued Shares, the costs of the public offering process will have to be covered by the Company and the Selling Shareholder accordingly to the number of the sold Newly Issued Shares and the Existing Shares respectively. To delegate to the Board to determine the final issue price of the Newly Issued Shares (which will also be the final sale price of the Existing Shares, if applicable), define the detailed conditions and procedure for the subscription, payment and placement of the Offer Shares (including the Existing Shares, if applicable). The Board is commissioned and authorised to draft, approve a prospectus for the public offering of the offer shares (including the Existing Shares, if applicable) and admission of the Newly Issued Shares to trading on regulated markets (WSE and Nasdaq Vilnius) and to submit the prospectus to the Bank of Lithuania for approval in compliance with this decision and applicable legislation.

Consequently, if the above Extraordinary General Meeting, dated 16 July 2018 will approve the indicated decision, the respective supplement of the Prospectus will be drafted by the Company, provided for approval of the Bank of Lithuania and notification to the PFSA and (after approval and notification) announced in the same manner as the Prospectus.

Timetable of the Offering

from 3 July 2018 (09:00) until 20 July 2018 (15:30)	Accepting subscriptions from the Lithuanian Retail Investors and Retail Investors, participating in the Private Offering and payment for the Offer Shares at the Maximum Price
from 3 July 2018 (09:00) until 20 July 2018 (until 15:30)	Accepting subscriptions from the Institutional Investors and payment for the Offer Shares within the Offer Price Range
from 3 July 2018 (09:00) until 20 July 2018 (until 15:30)	Book-building
on or about 23 July 2018	Determination and announcement of the final number of the Offer Shares, the Offer Price and the allotment between the Retail and Institutional Investors (the " Allotment Date ")
on or about 26 July 2018	Delivery of the Offer Shares to Investors and closing of the Offering (" Settlement Date ")
on or about 3 August 2018	Trading in New Shares is expected to commence on Nasdaq Vilnius and on the WSE

All aforementioned times refer to local time in Lithuania.

All times and dates referred to in this timetable may be adjusted by the Issuer, in consultation with the Global Lead Manager, if deemed necessary for the successful completion of the Offering and Admission. In particular, the Issuer upon recommendation from the Global Lead Manager, may extend the subscription period for the Offer Shares, based on monitoring the market. An extension of the subscription period will result in the postponement of the allotment date of the Offer Shares, as well as in the postponement of the date of listing of the New Shares on Nasdaq Vilnius and on the WSE.

Where required by law, any changes in the Offering dates should be published in the form of a supplement to the Prospectus. Information of any change of the dates should be published no later than on the originally set date, provided that if the period of acceptance of Subscription Undertakings is shortened, relevant information should be published no later than on the date preceding the last day (according to the new schedule) of the acceptance of Subscription Undertakings.

Offer Price Range, Maximum Price and Offer Price

The Offer Price Range is from EUR 0.45 to EUR 0.50 per one Offer Share. The Offer Price Range and the final Offer Price will be the same in the Institutional Offering, in the Private Offering and in the Retail Offering. Furthermore, the Offer Price Range and the final Offer Price will be the same for all Offer Shares.

During the book-building process amongst Institutional Investors invited by the Global Lead Manager, such Institutional Investors interested in subscribing for the Offer Shares will indicate the number of the Offer Shares they will be willing to acquire and the price, within the Offer Price Range (not higher than the Maximum Price), they will be willing to pay. Retail Investors will not participate in the book-building process. Retail Investors will be placing orders at the Maximum Price.

The final price at which the Offer Shares will be sold may be set at any point within the Offer Price Range indicated in this Prospectus. A number of factors will be considered in determining the Offer Price, among others, the amount to be raised by the Company pursuant to the Offering and the basis of allocation to investors, including the level and nature of the demand for the Offer Shares during the book-building process, prevailing market conditions and the objective of establishing an orderly aftermarket in the Shares. A pricing notification containing the Offer Price and the final number of the Offer Shares is expected to be published on or about 23 July 2018 on the Company's website (www.auga.lt) and via Nasdaq Vilnius and the WSE. The Pricing Notification will not automatically be sent to all persons who received this Prospectus, but will be available free of charge at the registered office of the Global Lead Manager at Tartu mnt 2, 10145 Tallinn, Estonia.

If the Offer Price Range changes prior to the announcement of the final Offer Price, the revised Offer Price Range will be announced and advertised as soon as possible and the Company will publish a supplement to the Prospectus and each Investor, having subscribed the Offer Shares will be allowed to exercise their withdrawal rights as indicated in Section *Change of terms of the Offering*. Any notices relating to the approval of the Prospectus and its supplements (if any) which have to be published by the Bank of Lithuania in accordance with Lithuanian law will be published on its website (www.lb.lt).

Content of and Requirements for Subscription Undertakings

Subscriptions will be accepted on a Subscription Undertaking in Lithuanian or in English (for persons who are not Lithuanian residents). Retail Investors are allowed to submit a copy of a signed Subscription Undertaking to their chosen Participating Institution (the list of which is available at <http://www.nasdaqbaltic.com/market/?pg=members&lang=en>) by fax or email prior to submitting an original document to the office of their chosen Participating Institution. The original document has to be submitted to their chosen Participating Institution until the end of the Subscription Period, as indicated above. Institutional Investors are allowed to submit a signed copy of a Subscription Undertaking by fax or email to their chosen Participating Institution and are not required to submit an original document.

Subscription Undertakings must include *inter alia* the number of Offer Shares subscribed for, the Offer Price (per one Offer Share and total), and the number of the securities account of the Investor. The Retail Investors will place their orders in EUR at the Maximum Price. Institutional investors may choose the price (within the Offer Price Range) at which they would like to purchase Offer Shares. Forms for Subscription Undertakings will be provided by the financial institution through which the Investor submits the Subscription Undertaking.

Subscription Undertakings may be submitted only during the Offering Period, only at the Maximum Price for Retail Investors, at the price within the Offer Price Range for

Institutional Investors, and only in euros. If multiple Subscription Undertakings are submitted by one Investor, they will be merged for the purposes of allocation.

Each Investor must ensure that the information contained in the Subscription Undertaking submitted by such Investor is correct, complete and legible. Incomplete, incorrect, unclear or illegible Subscription Undertakings, or Subscription Undertakings that do not otherwise comply with the terms set out in this Prospectus or that have not been completed and submitted and/ or have not been supported by the necessary additional documents, requested by the Issuer or the Global Lead Manager, may be rejected at the sole discretion of the Company.

An Investor may submit a Subscription Undertaking either personally or through a representative whom the Investor has authorised (in the form required by the local law and by the relevant financial institution) to submit the Subscription Undertaking. More detailed information concerning the identification of Investors, including requirements concerning documents submitted and the rules for acting through authorized representatives, can be obtained by Investors from the entities accepting Subscription Undertakings.

Each Investor may subscribe for the minimum of one hundred Offer Shares.

At the time of placing a Subscription Undertakings, Investors are required to make an irrevocable instruction for depositing the Offer Shares in a securities account maintained in their name and opened with entities of their choice which are licensed to provide such services within the territory of the Lithuania.

Any consequences of a Subscription Undertaking for the Offer Shares being incorrectly filled out will be borne by the Investor.

The Subscription Undertakings provided by the Investors, which shall be allotted with Offer Shares (and in the relevant amount) shall be accepted by the Issuer or persons authorised by the Issuer not later than within 10 calendar days as from the Allotment Date. The acceptance shall be provided to the Investors in the form decided by the Issuer.

Amendment and Cancellation of Subscription Undertakings

Investors have the right to amend or cancel their Subscription Undertakings (and place new Subscription Undertakings) at any time until the end of the Offering Period. This may result in costs and fees charged by the Participating Institution through which the Subscription Undertaking is submitted.

Furthermore, a Subscription Undertaking for the Offer Shares may also be withdrawn when after the start of the Offering, a supplement of the Prospectus is made public concerning an event or circumstances occurring before the allotment of the Offer Shares, of which the Issuer became aware before the allotment. The Investor who has made a Subscription Undertaking before the publication of the supplement may withdraw such subscription by submitting a written statement to the institution where the subscription was made, within two business days from the date of the publication of the supplement of the Prospectus.

The repayments will be made in accordance with the Subscription Undertaking within ten business days after making the statement on the subscription cancellation.

Payment

By submitting a Subscription Undertaking, each Investor shall authorise and instruct the institution operating the Investor's cash account connected to investor's securities account (which may or may not also be the financial institution through which the Subscription Undertaking is being submitted) to immediately block the whole transaction amount on the Investor's cash account until the payment for the allotted Offer Shares is completed or until funds are released in accordance with this Prospectus. The transaction amount to be blocked will be equal to the Offer Price (for Retail Investors the Maximum Price, for Institutional Investors the chosen price within the Offer Price Range) multiplied by the Maximum Amount. An Investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account. If blocked funds are insufficient, the Subscription Undertaking will be deemed null and void to the extent funds are insufficient.

For the purpose of this Offering the Company has opened a special bank account with LHV Pank AS, a bank registered as a public limited company in Estonia, registered in the Estonian Commercial Register under register code 10539549, registered address Tartu mnt 2, 10145 Tallinn, Estonia, which will be used solely for the purpose of collecting the funds from the Investors during this Offering and will not be used for any other purposes. On the Allotment Date, the blocked funds of the Investors for the payment of the allotted Offer Shares will be transferred to this special bank account, which will be indicated in the Subscription Undertaking.

		<p>Payments for the Offer Shares are interest free.</p>
E.4	Interests material to the Issue / Conflicting interests	<p>The Global Lead Manager has a contractual relationship with the Issuer and with the Selling Shareholder in connection with the Offering and the Admission and has been mandated to act as the Global Lead Manager for the Offering and the Admission of the New Shares on Nasdaq Vilnius and on the WSE.</p> <p>The Global Lead Manager advises the Issuer and the Selling Shareholder in connection with the Offering and the Admission and coordinate the structuring and execution of the transaction. Furthermore, the Global Lead Manager is involved in the Prospectus preparation process. If the transaction is successfully executed, the Global Lead Manager will receive a commission which depends on the actual value of the sold Offer Shares.</p> <p>The Global Lead Manager or its affiliates may acquire the Offer Shares in connection with the Offering as an Investor and hold or sell those Shares for its own account, also outside of the Offering period, which shall not constitute a preferential allotment. The Global Lead Manager does not intend to disclose the extent of such investments or transactions unless required by law.</p> <p>The Global Lead Manager and its affiliates could have been engaged in and may in the future engage in, investment banking, advisory services and other commercial dealings in the ordinary course of business with the Company and the Major Shareholders and any of its affiliates. The Global Lead Manager and its affiliates have received and may receive in the future customary fees and commissions for these transactions and services.</p>
E.5	Name of the person or entity offering to sell the security. Lock-up Agreement: parties involved; period of lock-up	<p>The Company is offering up to 40,000,000 New Shares and the Selling Shareholder (Baltic Champs Group UAB – a private limited liability company organized and existing under the laws of the Republic of Lithuania, corporate ID code 145798333, registered at the address Šiaulių r. sav. Poviliškių k., Lithuania, company's data is collected and stored with the Register of Legal Entities) is offering up to 20,000,000 Sale Shares. In total, up to 60,000,000 Offer Shares are being offered in the Offering. The Company and the Selling Shareholder are advised by the Global Lead Manager.</p> <p>Prior to the commencement of trading in New Shares, the Global Lead Manager, the Selling Shareholder (i.e. Baltic Champs Group UAB holding 88.13% of all Shares) and Mr Kęstutis Juščius will enter into a Lock-up Agreement according to which they will agree that, the Selling Shareholder will not offer, sell, contract to sell, or otherwise dispose of any Shares or any equivalent instruments within the first 24 calendar months from the Settlement Date for Shares representing 51% of the Issuer's authorised capital and that Kęstutis Juščius undertakes to retain control of the Issuer (including at all times own directly or indirectly at least 51% of the issued and outstanding shares of the Issuer). Additional Shares, representing up to 20,000,000 existing ordinary registered Shares (the Sale Shares) may, subject to receiving appropriate permissions from the lenders, be sold at the Offering. Sale Shares not sold in the Offering may be subsequently sold in the market in parcels equivalent to no less than EUR 1 million consideration apiece to long-term investors.</p> <p>Moreover, attention should be given to the fact that on 16 July 2018 an Extraordinary General Meeting is convened. In this Extraordinary General Meeting a decision regarding amendment of the decision on agenda issue 1.4 taken at the Extraordinary General Meeting, held on 28 March 2018, amended by decision on agenda issue 6 of the Annual General Meeting held on 30 April 2018, by increasing the number of the existing Shares held by the Selling Shareholder (Baltic Champs Group UAB) and offered together with the public offering of the New Shares from 20,000,000 Shares up to 40,000,000 Shares, as referred to in the draft decision was put for voting.</p> <p>Should the number of Sale Shares increase as a result of this Extraordinary General Meeting's decision, the new limit will be up to 40,000,000 existing ordinary registered Shares, subject to receiving appropriate permissions from the lenders of the Selling Shareholder, to be sold at the Offering.</p>
E.6	Immediate dilution	<p>The issue of New Shares comprises of approximately 21.34% of the Company's authorised capital prior to its increase. In case all the Offer Shares are allocated to the Investors and none of the existing shareholders will participate in the Offering and acquire Offer Shares, the holdings of the existing shareholders would be diluted from the number of Shares, held by them prior to increase of the authorised capital of the Company. The indicated dilution would amount to approximately 17.59%, i.e. the Issuer's shareholders that existed before the increase of the authorised capital would own approximately 82.41% of the Issuer's shares after the issue (excluding the impact of the Sale Shares).</p>
E.7	Estimated Expenses charged to the investor by the Company	<p>Not applicable. Investors will not be charged expenses by the Issuer or the Global Lead Manager, related to the Offering. However, the Investors must bear all costs and fees charged by the respective Participating Institution through which they submit their Subscription Undertaking. This may include costs and fees for the submission, amendment or cancellation of a Subscription Undertaking, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular Participating Institution.</p>

III. RISK FACTORS

Before investing in the Offer Shares, Prospective Investors should carefully consider the risk factors presented below and other information contained in this Prospectus. If one or more of the risks described below actually materialize, it could have, individually or in combination with other circumstances, a significant, unfavourable impact on the Group's operations, in particular on its cash flow, financial position, results of operations and outlook, or the market price of the Shares. Before purchasing the Offer Shares, Prospective Investors should be aware that making such an investment involves significant risks, including, but not limited to, the risks described below and elsewhere in this Prospectus, such as those set forth under the Section 1.4 Forward-Looking Statements. Prospective Investors should consider carefully the factors described below in addition to the rest of this Prospectus before purchasing the Offer Shares. This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those anticipated in the forward-looking statements as a result of various factors, including but not limited to the risks described below and elsewhere in this Prospectus.

It cannot be excluded that over time the list of the risks specified below will no longer be complete or comprehensive. Consequently, these risks cannot be considered as the only risks to which the Group is exposed as at the date of the Prospectus. The order of the risk factors described below is not an indication of the probability of their occurrence, intensity or importance. The Group may be exposed to additional risks and adverse factors of which the Group is unaware or which are believed to be immaterial as at the date of the Prospectus. The occurrence of events described as risks may result in a decline in the market price of the Shares and, consequently, Investors who purchase the Shares could lose a part or all of their investment.

3.1 General Risk Factors of the Business, in which the Group Operates

Economic instability. 80% of sales of the Group are oriented towards exports (primarily to EU countries) while the remaining 20% to Lithuania. Both developed and emerging markets are subject to impacts of fluctuating global demand for agricultural products and constantly shifting lending policies of credit institutions. In addition, profit margins for various products are influenced by economic conditions and tend to decrease during economic recessions. As a result, economic downturn and volatile business conditions may adversely influence the Group's ability to execute its business strategy and may negatively affect its operating results or possibilities to obtain external financing.

A global sovereign debt crisis could result in higher borrowing costs and more limited availability of credit, as well as impact the overall industry, in which the Group operates and the financial health of the Group's counterparties. Due to possible recession and financial disturbance in Europe the availability of capital might be limited and therefore the cost of borrowing could increase. Poor macroeconomic conditions in certain EU Member States might negatively affect the commercial situation of many banks operating in Europe. In addition, the risk of lower consumer confidence can have an adverse impact on financial markets and economic conditions in the EU and throughout the world and, in turn, the market's anticipation or reflection of these impacts could have a material adverse effect on the Group's business in a variety of ways:

- difficulty or inability to acquire capital for further business expansion and to cover financial obligations of current debt;
- increased risk of weak financial conditions for the Group's counterparties resulting from prevailing macroeconomic conditions;
- exposure to increased bank risk, if banks which issue letters of credit or other forms of guarantees to the Group in lieu of a cash security deposit from its counterparties: such banks may fail to pay when the Group seeks to draw on these letters of credit.

Inflation. The upcoming years may entail considerable inflation. Relevant expenses of the Group, e.g., investment into equipment and the workforce are closely related to general price

levels. Growing inflation may prevent the Group from changing the prices of its products respectively to preserve the existing profit margins or may lead to higher losses. Thus, the Group's expenditures would increase considerably due to inflation and the Group would have to cover its increased costs from internal resources, unless the Group manages to increase its prices. Consequently, strong inflation may have a considerable adverse influence on the Group's financial situation and business results.

Increase of salaries. Labour costs represent a considerable part of the cost of the Group's products. Although the workforce is generally cheaper in Lithuania than in more developed EU Member States, the difference is expected to constantly decrease as the Lithuanian economy catches up with the higher average wealth-related conditions of the EU. Willing to remain competitive and retain its employees, the Group may be forced to increase its labour costs at a faster pace than it used to do previously. If the Group fails to increase labour efficiency and effectiveness by increasing these costs, this may have a considerable adverse effect on the Group's financial situation and business results.

3.2 Group Specific Risk Factors

The Issuer's financial reporting accuracy risk. In the respective independent auditors' reports on the Consolidated Financial Statements, the Issuer's auditors included an emphasis of matter paragraph. However, the auditors' reports are not qualified in respect of this matter. For the detailed description of the emphasis of matter included in the independent auditors' reports please refer to Section 4.3 *Qualifications and emphasis of matter*.

A considerable number of the Group Companies (as enterprises and/or their securities) are pledged. AUGA Žadžiūnai ŽŪB, AUGA Eimučiai ŽŪB, AUGA Vėriškės ŽŪB, AUGA Lankesa ŽŪB, AUGA Spindulys ŽŪB, AUGA Želsvelė ŽŪB, AUGA Dumšiškės ŽŪB, AUGA Grūduva UAB, AUGA Jurbarkai ŽŪB, AUGA Mantviliškis ŽŪB, AUGA Smilgiai ŽŪB, AUGA Alanta ŽŪB, AUGA Nausodė ŽŪB, AUGA Kairėnai ŽŪB, AUGA Skėmiai ŽŪB, AgroBokštai ŽŪK, GrainLT UAB, KTG Agrar UAB, KTG Eko Agrar UAB, Agrar Pauliai UAB, KTG Grūdai UAB, Raseiniai agra UAB (16.3% of all the Subsidiaries) are mortgaged as enterprises. Mortgage of an enterprise inter alia includes parts / shares in other Group Companies held by such mortgaged enterprises as well as their receivables (including loans granted to other Group Companies). All of the aforementioned enterprises (except for AUGA Grūduva UAB and Raseiniai agra UAB) are pledged more than once.

Also, parts / shares in the Group Companies (32.6% of all the Subsidiaries) listed in the table below are pledged:

Company	Parts / shares	Percentages of parts / shares
AUGA Smilgiai ŽŪB	EUR 13,417	100%
AgroBokštai ŽŪK	EUR 2,607,159.42	100%
GrainLT UAB	260,000 shares	100%
Agrar Ašva UAB	100 shares	100%
Agrar Varduva UAB	100 shares	100%
Agrar Seda UAB	100 shares	100%
Agrar Kvistė UAB	100 shares	100%
Agrar Luoba UAB	100 shares	100%
Agrar Gaja UAB	100 shares	100%
Agrar Ariogala UAB	100 shares	100%
Agrar Girdžiai UAB	3,000 shares	100%
Agrar Vidauja UAB	3,000 shares	100%
Agrar Raudonė UAB	100 shares	100%
Agrar Venta UAB	100 shares	100%
Agrar Nerys UAB	1,000 shares	100%
Agrar Gėluva UAB	100 shares	100%

Agrar Betygala UAB	3,000 shares	100%
Agrar Dubysa UAB	100 shares	100%
Agrar Pauliai UAB	2,100 shares	100%
Agrar Mituva UAB	100 shares	100%
Agrar Mažeikiai UAB	100 shares	100%
KTG Grūdai UAB	4,400 shares	100%
KTG EKO Agrar UAB	10,000 shares	100%
PAE Agrar UAB	3,000 shares	100%
KTG Agrar UAB	30,000 shares	100%
Delta Agrar UAB	3,000 shares	100%
Agrar Raseiniai UAB	100 shares	100%
VL Investment Vilnius 12 UAB	100 shares	100%
Agronita UAB	500 shares	100%
Agronuoma UAB	100 shares	100%
AUGA Alanta ŽŪB	EUR 1,805,653	99.99%
AUGA Spindulys ŽŪB	EUR 349,199	99.96%
AUGA Nausodė ŽŪB	EUR 2,940,921	99.94%
AUGA Skėmiai ŽŪB	EUR 470,151	99.87%
AUGA Vėriškės ŽŪB	EUR 1,589,806	99.87%
AUGA Žadžiūnai ŽŪB	EUR 2,463,970	99.84%
AUGA Dumšiškės ŽŪB	EUR 225,414	99.38%
AUGA Eimučiai ŽŪB	EUR 753,342	99.25%
AUGA Lankesa ŽŪB	EUR 251,574	99.04%
AUGA Želsvelė ŽŪB	EUR 465,888	98.95%
AUGA Mantviliškis ŽŪB	EUR 115,348	98.79%
AUGA Kairėnai ŽŪB	EUR 2,238,017	98.53%
AUGA Jurbarkai ŽŪB	EUR 3,154,866	98.46%
AUGA Grūduva UAB	11,944,096 shares	97.49%

The shareholder (respective Group Company) cannot dispose the pledged shares and/or the enterprises without the written consent of the respective creditor(s). Furthermore, in case obligations secured by pledge will not be fulfilled, pledged shares and/or the enterprises could be taken over by the creditor(s) of the Group Companies.

The level of the Group's borrowed capital may lead to restricted financing opportunities of the Group and cause difficulties in settlement with creditors. The Group's deployment of borrowed capital is significant. As of 31 December 2017, the aggregate debt of the Group amounted to EUR 43,591 thousand (31 December 2016: EUR 31,990 thousand, 31 December 2015: EUR 46,678 thousand). As of 3 months ending 31 March 2018, the aggregate debt of the Group amounted to EUR 54,622 thousand (unaudited). The level of borrowed capital for the Group may entail significant consequences, including without limitation: (i) the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions, servicing the debt, or other targets may be restricted; (ii) the Group's flexibility to adapt to changing market conditions may be limited; (iii) undertakings with certain limitations on business and financial matters contained in credit agreements, although typical for such type of financing transaction, may nonetheless restrict the Group's possibilities of borrowing more funds, mortgaging property and/or participating in mergers or transactions of other types, which may to certain extent restrict active implementation of development possibilities and, potentially, decrease competitive advantages in the future.

The level of indebtedness of the Group may also entail significant consequences, including which in turn may limit the Group's development possibilities as well as competitive advantages may decrease.

As of 31 December 2017, long-term tangible property in the value of EUR 66,863 thousand (31 December 2016: EUR 52,980 thousand, 31 December 2015: EUR 66,510 thousand) has been mortgaged for the benefit of banks in order to secure the debt. Whereas as of 31 March 2018 the long-term tangible property value was EUR 70,530 thousand (unaudited). However, as of 31 March 2018, 31 December 2017 and 31 December 2016 no investment property has been pledged as security for bank borrowings (as of 31 December 2015: EUR 9,636 thousand). Total amount of assets pledged for borrowings amount to approximately 85% of the Group's total assets as at 31 March 2018 and approximately 84% as at 31 December 2017. There are no assurances or guarantees that, if the Group fails to fulfil its debt obligations timely, its creditors will not refer their claims to recover their funds from the assets of the Issuer or the Group. Using the Group's assets for covering its own debt obligations may aggravate or suspend the Group's operations.

Any of the factors mentioned above may have an adverse considerable influence on the Group's financial situation, its operations and results.

The Group's floating (variable) interest rate risk. The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates do not expose the Group to such risks. The Group's borrowings include loans with floating interest rates, which are related to EURIBOR. The majority of bank borrowings and finance lease liabilities are re-priced every 3 or 6 months. Other borrowings are re-priced every 12 months. As at 31 December 2017 total Group borrowings at variable rates amounted to EUR 32.3 million (2016: EUR 21.5 million, 2015: EUR 37.7 million). Whereas, as of 31 March 2018 total Group borrowings at variable rates amounted to EUR 40.61 million (unaudited). As long as EURIBOR remains below 0, the increase or decrease in EURIBOR effect on the Group would be close to 0 as most of the Group's loans have clauses that for interest calculation purposes EURIBOR cannot be smaller than 0. If EURIBOR would increase above 0, than if floating rate interest (influenced by EURIBOR) changed by 1 percentage point, the annual effect on the Group would amount to EUR 324 thousand on 31 December 2017 (2016: EUR 215 thousand, 2015: EUR 377 thousand). As of 3 months ending 31 March 2018 the amount would be EUR 406 thousand before taxes (unaudited).

The Group's capital risk. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's credit risk. Investors assume the risk that due to the existing adverse changes in product markets, deterioration in the Group's financial situation, decrease of loan re-financing possibilities or other risk factors, the Group may be unable to settle with its creditors and this would have a negative effect on the Group's business and the value of the Issuer's shares respectively. Credit risk related to the funds in banks is limited as the Group only works with major Lithuanians banks (Luminor bank AB, Swedbank AB and Šiaulių bankas AB). As of 31 March 2018, the ratio of total (consolidated) liabilities to total assets was 0.50x (0.47x 31 December 2017, 0.41x as of 31 December 2016, 0.49x as of 31 December 2015). The balance of total financial loans, including liabilities related to leasing, amounted to EUR 43,591 thousand on 31 December 2017 (31 December 2016: EUR 31,990 thousand, 31 December 2015: EUR 46,678 thousand). As of 3 months ending 31 March 2018 the amount was EUR 54,622 thousand (unaudited).

Dependence on external financing. Further development of the Group's activities will require substantial amounts of capital to fund operating activities and capital expenditures. For this reason, failure to secure adequate levels of external financing might limit the Group's growth plans and place it at a competitive disadvantage when compared to better-capitalized peers.

Furthermore, the credit facilities of the Group contain covenants placing certain restrictions and limiting the discretion of the Management through the necessity to meet certain financial ratios and existence of restrictions to grant or receive loans, to establish new entities, etc. without an approval of the financing party. Although such types of undertakings are standard in financing agreements, in case of a failure to comply with these covenants, the Group runs the risk of certain credit facilities being cancelled or a demand being made to repay certain loans. Such events may cause interruptions in regular business activities, loss of collateral or, in extreme cases, impose financial distress on, insolvency or bankruptcy of the respective Subsidiary and/or Group as a whole.

EUR 7,022 thousand of the Group's financial liabilities will have to be repaid in 2018.

As of 31 March 2018, around EUR 4,564 thousand of principal payments of the bank credit facilities drawn by the Group will have to be repaid in 2018. In addition, EUR 2,458 thousand of principal finance lease payments will have to be repaid in 2018. It is probable that the Group will look for additional external financing to cover these payments, including debt refinancing. Failure to repay or refinance these financial liabilities may lead to a material adverse effect on the Group's operations.

The Group uses short-term credit line facilities to finance working capital. As of 31 December 2017, the Group's short-term credit line borrowing amounted to EUR 13,607 thousand (2016: EUR 5,350 thousand). As of 3 months ending 31 March 2018, the Group's short-term credit line borrowing amounted to EUR 21,673 thousand (unaudited). Credit line facilities are used to finance working capital and is renewed annually on regular basis. Should the Group have difficulties in renewing/refinancing these credit line facilities or fail to do so, this could potentially have a significantly negative effect on the viability of business operations conducted by the Group.

Credit risk of one Group Company may disperse to other Group Company(-ies) due to cross-default and/or cross-security among the companies. Credit risk of certain of the Group Companies are interlinked due to the fact that, including, without limitation (a) several agricultural/operational Group Companies are borrowers under the same credit agreement and are jointly and severally liable thereunder, also, the Company has issued guarantee to secure due performance of the borrowers' obligations under the credit, (b) a number of agricultural companies of the Group have secured obligations of other agricultural companies of the Group under their respective credit agreements, (c) together with acquisition of Lithuanian business of KTG Agrar entities, the Group took over the KTG Agrar UAB credit agreement, which has a wide cross default clause whereunder default on any payment obligation of the borrower and/or its related person may be deemed to be event of default, (d) Baltic Champs UAB credit agreement has quite wide cross acceleration clause (see Section 4.22 *Material Contracts* for more detailed description of the main terms and conditions of the credit agreements referred in items (a) and (c)-(d) of this paragraph).

Due to delay in payments by the Group Companies (please see risk factor named "The Group Companies have overdue payments to their suppliers" for more details), the mentioned event of default, which entitles to accelerate the credit repayment under contract mentioned in item (c) of the above paragraph, exists. Nevertheless, the bank has not taken actions due to such event of default. In addition, according to current case law, acceleration of the credits on the basis of cross-default or cross-acceleration clause only, in particular, if respective loans/credits are duly serviced, is more theoretical. However, the latter may change should financial standing of the respective companies deteriorate, they fail to timely service their respective loans and/or the case law on the matter changed.

The above referred links among the credit (risk) of different Group Companies through joint and several liability and/or cross-default or cross-acceleration clauses and/or cross-collateral may have significant negative impact on financial standing of not only the Group Company which is the borrower under the respective credit agreement but also on other relevant Group Companies and possibly cause their insolvency.

Dependence on key executives and personnel. Each area of the Group's activities depends on the Issuer's and Group's executive team responsible for the development, growth and proper day-to-day operation of each separate field. Therefore, the Group's ability to remain competitive and implement its strategy is determined largely by the experience, knowledge, personal relations and other characteristics of these people. The Group's capability to attract and retain executives of sufficiently high calibre can also impact the Issuer's future success. The risk remains that the Issuer's executives and key employees may decide to change their place of employment and cease their work with the Issuer as permanent competition for highly-qualified personnel is taking place in the labour market. The loss of these employees or the Issuer's inability to hire new executives having appropriate knowledge and skills, or a shortfall of these people in the market may have a considerable adverse effect on the Issuer's business perspectives, financial situation and results.

Business results of the Group also depend on its ability to attract less qualified personnel. The success of the Group's activities depends on supply of qualified as well as less qualified personnel. A shortfall of the workforce necessary for the Group may considerably increase labour costs, impact the Group's development and thus have a significant adverse effect on its business results and financial situation.

Various unexpected events and accidents may impede the Group's business. The Group's business may be affected by various unexpected events, such as fire, transportation problems, breakdown of equipment, etc. The companies controlled by the Issuer possess a lot of different assets and equipment, which are used in the Group's business. Considering that the Group is a heavy user of technical equipment and operates across a large geographical area, the occurrence of any unexpected events (an accident, explosion, fire, etc.) in the area or premises controlled by the Group is possible. Any of these events may destroy prepared grain crops, seeds, organic farming compliant fertilisers, feedstuffs, etc. accumulated and kept by the Group. There is no guarantee that the limits of the insurance policies held would be sufficient to cover all the damage suffered in case of any of these events. Furthermore, there is no guarantee that elimination of the consequences of these events would be successful. There is a threat that any of these events may disrupt the business of the entire Group or considerably affect its day-to-day business. The Group has insured its business against a wide range of possible events and resulting damages, but not against all events and damages. Thus, insurance premiums may fail to cover all damages should these events occur. In such circumstances, arising damages may entail considerable adverse effects on the Company's financial situation and business results.

Insurance. The insurance policies held by the Group do not cover all risk types, which may affect the Group's business. Although the insurance policies held cover the main risk factors, the insurance amount may be insufficient to cover all damages incurred by the Group in relevant circumstances. The Issuer makes no provisions that would be allotted to indemnify for non-covered damages of third parties. In case of any events which may inflict considerable damages to the Group or during which the Issuer causes damages to third parties, provided the limits of insurance are insufficient to cover these damages, the Group's activities may be negatively impacted as the Group may be forced to allot considerable resources to reduce damages or to pay larger premiums to cover damages. This may have a considerable adverse effect on the Group's business, financial situation and results.

The Group insures all buildings, cattle, and a significant part of machinery, inventories, but does not insure any of its crop fields. Some of the risks are not insured due to high premiums/deficiencies of the insurance terms, i.e. the standard terms do not meet the needs of the Company. Therefore, the agricultural companies of the Group are not protected from losses arising from meteorological and/or environmental risks.

The Issuer is a holding company. The Issuer is a holding company operating through its Subsidiaries and associated companies. Apart from the investments to operating companies, the Issuer has no other considerable property and thus its functioning is dependent on management fees collected from controlled companies and dividends paid by its Subsidiaries. The dividends, however, may not be paid, unless the respective companies generate

appropriate profits. The Issuer's possibilities of benefiting from the sale of the assets of these companies in case of liquidation thereof or in other cases also depend on whether these companies manage to settle properly with all of their creditors. Thus, the Issuer's financial situation depends on the possibilities of the Issuer's Subsidiaries and associated companies to pay management fees, to declare and pay dividends. Any decrease in these payments may have a considerable adverse effect on the Issuer's financial situation, business and its results.

Possible risks related to environmental regulation. The Group has to comply with environmental regulations and it may be held liable for improper compliance with such rules. In its operations, the Group must comply with different environmental rules regulating labelling, use, and storage of different hazardous substances used in the Group's activities. These rules require installing procedures and technologies for proper treatment of any hazardous substances and provide for the Group's liability in managing and eliminating any pollution of the environment. In addition to the liability for current activities, the Group may also be liable for any previous operations if it appears that such operations caused damages to the environment. Furthermore, any changes in environmental regulations, both national and international, may bind the Group to introduce measures that would meet required standards. This may have an adverse effect on the Issuer's activities, financial situation and results.

The Group may need to significantly update existing and operational equipment. The Group uses a variety of equipment and technologies in its business. Therefore, the Group encounters a risk of breakdown or wear and tear of parts of the most important equipment and technologies prematurely. In this case, the Group should allot considerable funds for repair or update of the equipment thus limiting its possibilities of investing in its development and entering new markets. Failures, breakdowns, etc. of the most important technological equipment used in the business of the Group Companies may directly adversely affect the scope of the Issuer's activities and sales as well as the Group's financial situation and business results.

Inaccuracy of preliminary measurements. Most of the land parcels owned by the Group Companies were formed according to preliminary measurements. Precise boundaries of these land parcels will be determined after land surveyors' measurements. Upon performance of land surveyors' measurements, the land parcels owned by the Group Companies may be adjusted, i.e. their total area may decrease or increase respectively.

Contractual obligations. The Issuer has undertaken contractual obligations the non-performance of which may incur sanctions upon the Group Companies. This may affect the Issuer's business results and profitability. Material Contracts of the Group are disclosed in the Section 4.22 *Material Contracts*.

Insolvencies among major customers and contracting parties. Insolvencies among the Group's customers or contracting parties could result in losses for the Group and may have a material adverse effect on the Group's revenues and results of operations. However, the Management considers that the portfolio of its clients is well diversified, with top 10 clients ensuring approximately 50% of the Group's sales, while the largest one – around 13% of the Group's sales.

Success of previous, current, and future investment projects. The Group has implemented and may implement in the future investment projects of a large scope. Even though the Group and its employees invoke all available information and analytical resources when planning investments, there is no guarantee that (i) all information on which investment plans were based on was true and exhaustive, (ii) investment plans and investments made will generate the anticipated or planned return on investment, including that modern agricultural technologies will be introduced properly and successfully, and it will be ensured that all the agricultural undertakings acquired will manufacture high-quality agricultural products (iii) investments will not cost more than it was anticipated. Failure of already implemented or anticipated investment projects, where return on investment from these projects is lower than it was expected, or prices of such investments are higher than it was

planned, may have a significant adverse effect on the Group's activities, its financial situation and business results, as would failure to ensure effective modernisation of agricultural undertakings acquired.

The Group is dependent on the availability of third party suppliers of equipment and raw materials. If the Group is unable to secure sufficient supplies of equipment and materials, such as seeds, fuel, feed, organic farming compliant fertiliser and other items, and at reasonable prices, in order to carry out its operations, or that any of its third-party suppliers do not perform as expected, it may have a material adverse effect on the Group's business, financial conditions, result of operations and prospects.

The payments under the Group's land lease agreements may increase. As of 31 March 2018, the Group owned over 3 thousand hectares of agricultural land and cultivated over 38 thousand hectares, of which around 35 thousand hectares were leased. The plots leased are of significant acreage, so any increase of the land lease payments above the Group's current expectations could negatively affect the Group's financial results of operations and the financial condition.

A significant portion of lease agreements concluded with the landlords may expire at the same time in the distant future. Most lease agreements between Group Companies and major lessors (i.e. VL Investment Vilnius group companies, Agrosaulė group companies and BFLM UAB) were concluded at the same date, e.g.:

(a) lease agreements regarding lease of the total of 6,126 ha with Žemės vystymo fondas group companies, Agrosaulė group companies and BFLM UAB were concluded on 2 January 2016 and will expire on 31 December 2026;

(b) lease agreements regarding lease of the total of 4,481 ha with VL Investment Vilnius group companies were concluded on 29 April 2014 (as amended on 29 March 2017) and will expire on 30 September 2032. The tenant has a one-time option to renew the lease for an additional eight years. If the tenant fails to exercise this option in a timely manner or at all, the lease term shall be renewed indefinitely.

Thus, significant part of lease agreements concluded with major lessors may end at the same time in the distant future. The lessors might discontinue the lease or continue the lease under new terms, which might respectively have an adverse influence on the Group's financial situation, its operations and results.

In any case, the Civil Code of the Republic of Lithuania provides that upon expiry of the land lease term the former lessee has a pre-emptive right to conclude a new land lease contract on the same conditions as other parties (potential lessees), provided that the tenant duly performed the duties under the land lease contract.

Lease term of certain land plots may expire, while certain other formalities may be not fully complied with. As the Group Companies lease many land plots under a significant number of agreements, some of them may have expired, while certain other formal terms may be not fully complied with, etc. According to the Company's data, usually there are not more than 1% per year of such agreements. Extension and proper formalisation of lease agreements is an ongoing process. The Group has a Land Management Department working on these matters on continuous basis, and always puts all the best endeavours, that all these situations were properly monitored and, if needed, remedied as promptly as possible.

Certain lease contracts may be terminated without default of the Group Companies. Certain lease agreements concluded by the Group Companies grant to a landlord the right to terminate the contract on grounds not related to the lessee's fault (e.g. if the creditor of the landlord starts recovery from leased land, annual agreement on rent fee is not reached, etc.). This may affect approximately 16% of the total leased area. To the knowledge of the Management, no such circumstances entitling the termination have occurred already or likely to occur. If the lease agreements are terminated, the Group Companies would in any case have a pre-emptive right over third parties to lease out these land plots.

The Group Companies have overdue payments to their suppliers. The Group Companies had overdue payments to their suppliers in the total amount of EUR 1.7 million as of 31 December 2017.

According to the contracts of the Group Companies, due to breaches of payment terms, the Group Companies may:

- (a) incur additional expenses in relation to interests / penalties / loss of assets granted as securities / recovery proceedings applied by their contractors;
- (b) lose their suppliers or have supply of material goods / services suspended;
- (c) face judicial proceedings and related expenses;
- (d) the creditors might also raise questions regarding financial condition of the relevant Group Company.

Any of the above circumstances may adversely affect the Group's financial situation, its activities and results. As of the date hereof, the Group Companies have not received any claims or penalties with respect to delay in payments. The Group Companies are also continuously working with the suppliers on settlement terms to minimize all the mentioned risks.

Certain extended loans between the Group Companies may be recognized as concluded at an interest rate that is higher than the market standard. Until year 2017 the loans between the Group Companies were extended at an interest rate, which may be recognized as exceeding the market interest rate and as a result the Company may be deemed to have received or is entitled to additional "excess" interest income. However, the risk of negative tax implications would be somewhat reduced by the fact that the majority of related party transactions are concluded between the Group Companies operating in Lithuania and there is a possibility to transfer losses between the Group Companies.

The Group Companies have extensive commercial relations with each other, which may create negative tax implications. The Group Companies have extensive dealings/transactions with each other, e.g. the Company renders management and accounting services to other Group Companies, Group Companies provide loans to each other, total amount of such loans outstanding on 31 December 2017 was approx. EUR 17 million (net amount). Total turnover of transactions on sale of goods and services between the Group Companies amounted to EUR 30,199 thousand in 2017, whereas the remaining transactions on sale of goods and services with third parties amounted EUR 48,784 thousand in 2017. For more information on such transactions please see the Section 4.19 *Related Party Transactions*.

According to the applicable tax laws, transactions between the related parties must be concluded at arm's length. In 2017 the Group Companies have prepared transfer pricing documentation for future periods with respect to management fees, brand licensing and intra-group loans. However, the documentation does not cover previous periods, as well as other transactions. Nonetheless, the Company aims to collect evidence to justify the value of the transactions.

Transactions between related parties could raise potential tax implications if the State Tax Inspectorate determined that the agreement is executed on conditions, which are not comparable to market conditions provided at arm's length. However, the risk of negative tax implications would be somewhat reduced by the fact that the majority of related party transactions are concluded between Group's companies operating in Lithuania and there is a possibility to transfer losses between Group Companies.

The Group Companies may be subject to review regarding acquisition and holding of agricultural land. The Group Companies own more than 3 thousand ha of agricultural land. The Law of the Republic of Lithuania on Acquisition of Agricultural Land (wording valid as from 1 January 2014) specified the maximum area of agricultural land of 500 ha that may be acquired into ownership by a single person or a group of associated persons. However, the latter threshold may be exceeded if such additional agricultural land is acquired for livestock

farming (but not more than 1 ha in respect of 1 livestock unit owned). The legal restriction on maximum area of own agricultural land should not be applied retroactively.

Due to current public attention on these issues, the Group Companies may be subject to review or investigation whether they properly acquired the agricultural land after 1 January 2014.

Nevertheless, the Group Companies acquired a major part of the land before the mentioned requirements entered into effect. In addition, the Management believes that all legal requirements for land acquisition have been fully followed. Finally, own land forms only part (less than 10%) of all cultivated land.

The state has an obligation to repurchase the land acquired in breach of legal acts for the price equal to the market value or acquisition value, whichever is less. No cases have been announced, where the state executed such obligation.

Group sometimes uses external independent licensed asset valuers to assist in establishment of fair value of its assets. Upon request of the interested authorised parties, supervisory authority of licensed asset valuers may check whether the report complies with formal mandatory requirements for such reports established by applicable laws. Based on the IFRS and Group's accounting policy the Company has to evaluate its and the Group's assets and liabilities for the purposes of duly reflecting their fair value in the financial statements. The Company is entitled to do this on its own discretion or with the help of external professional valuers. The Company sometimes uses independent external licensed valuers to assist it in the establishment of fair value of certain assets. In the past, the supervisor questioned whether certain items of certain reports of independent licensed external valuers on certain real estate (land) of the Group were compliant with the requirements of the Law of the Republic of Lithuania on Fundamentals of Property and Business Valuation. The issues raised by the relevant supervisors in respect of such reports have been duly addressed and respective reports amended or corrected or new valuation reports issued.

It may not be completely ruled out, that in the future the Company may use independent licensed external valuers to assist in establishment of fair value of certain assets and that the supervisor or other interested parties may question whether certain items of such reports are compliant with the above law. However, according to the applicable law, valuation report is valid and binding until it has not been found invalid by the competent court.

3.3 Industry Specific Risk Factors

Risk of diseases. The Group's business is *inter alia* related to assets of plant or animal origin. Epidemic cattle diseases (e.g., bovine spongiform encephalopathy or 'mad cow disease'), any diseases, bacteria, etc. may decrease demand of such products due to fear of consequences arising from these issues. Such changes may lead to aggravation of the Issuer's financial condition.

Risk of adverse consequences resulting from decrease of sales volumes. The Group generates a major part of its income from the sales of milk, grain crops and mushrooms. In turn, apart from the price, these sales are also contingent on certain specific factors. Milk sales volumes are dependent on the number of cows and milk yield (cow performance). Sales of grain crops are dependent on sown areas and productivity of land. There is no guarantee that the Issuer will manage to maintain the required productivity of cows or areas of land and to ensure the performance and productivity level. If any of these factors become unfavourable for the Issuer, the Issuer's sales would decrease significantly. This may adversely affect the Issuer's financial situation, its activities and results.

Change in demand for and price sensitivity to organic food. While the trends indicate an increase in demand for organic food products at a price premium, any adverse change in economic conditions that could lead to price sensitivity or any negative publicity towards

organic consumption may have a significant impact on the Issuer's performance. The Issuer has aligned itself to be an organic producer and would therefore depend on the demand for organic food.

Loss of recognitions and certifications. The Issuer is currently recognised as an organic producer and holds among others Global GAP, Kosher and BRC Food certification. This can be considered an important part of the Issuer's brand and market positioning, thus a loss of these certifications may result in a decline in demand or the Issuer's brand value. Loss of certification as an organic producer would also reduce the potential income from EU subsidies relating to organic farming.

Changes in EU subsidies. The Issuer receives significant income from EU subsidies and this is important for the continued viability of the business. If for any reason these subsidies were removed or reduced, this could have significant implications in many areas of the Issuer's business including (i) reduced operating cash flows and profitability, and (ii) decreases in value of land and investment property and thus the possible impairment of property, plant and equipment. Significant changes in EU subsidy programmes could also threaten the long-term viability of the Issuer's operations.

Failure to comply with the legal acts regulating agriculture may have a significant effect on the Issuer's activities and business perspectives. Failure to comply with the legal acts regulating manufacture of agricultural products may result in contingency costs necessary for implementing relevant obligations or paying penalties. In case the Issuer commits severe violations of appropriate legal acts, supervising authorities may restrict the operations of the Group Companies in a relevant field or in general.

The Group Companies have minimum supply and purchase obligations. The Group Companies have undertaken contractual minimum supply or minimum purchase obligations towards their customers and suppliers. As an example, certain Group Companies have undertaken to supply certain minimum quantities of grain and raw milk to their customers. Most of the agreements on milk and grain allow deviation from the agreed quantities of mentioned products from 5% up to 10%. Failure to perform the undertakings may result in contractual penalties to the Group Companies. However, the Management is of the opinion that the above requirements are met, and it does not foresee a risk of failure by the Group Companies to meet the agreed quantities of grain or milk. The Group also applies certain measures to mitigate the associated risks, including contracting up to 60% of the intended amount of grain harvest and stable monthly outcome of raw milk from the milk farms.

Climatic conditions. Climatic conditions are one of the most significant risk factors of agricultural activities. Poor or adverse meteorological conditions have a dominant influence on productivity and may significantly adversely affect the yield of agricultural products, cause harm to preparation of foodstuffs, destroy crops and cause other damage. Any damage arising due to adverse climatic conditions may negatively affect the Issuer's financial situation, business and results.

Prices of agricultural products. The Group's income and business results are subject to many factors, including the prices of agricultural products, which are beyond the Group's control. Various unpredictable factors (climatic conditions, national agricultural policy, changes in worldwide demand determined by changes in the world population, changes of living conditions and volumes of competing products in other countries) also have a significant influence on the prices of agricultural products. The factors, such as climatic conditions, infections, pest infestations, national agricultural policy of different countries, etc., may have a strong effect on supply of primary agricultural products and prices. Changes in demand of primary agricultural materials may be greatly affected by different international and local programmes implemented in compliance with national agricultural policy, changes in international demand determined by changes in the world population and changes of living conditions in different countries of the world. These factors may cause significant fluctuation in the prices of agricultural products and consequently adversely affect the Group's activities, financial situation and results. It should be noted that in compliance with the relevant

provisions of supply agreements entered into by the undertakings controlled by the Issuer, product supply terms and conditions (including the price of products) may be adjusted in cases provided for in the agreements and thus affect the Issuer's income and business results.

Expressed or implied dangers related to the quality, safety or health effects of products offered by the Group could give rise to liability of the Group and prejudice to its business and reputation. Notwithstanding the control mechanisms applied by the Group in its activities, there are no guarantees that any of the products offered by the Group (milk, grain crops, mushrooms, etc.) could not be recognised as incompatible with quality requirements or unsuitable for further processing and use. Therefore, the Group may be forced to recall or destroy these agricultural products and to assume liability for causing risk posed by these products to health of consumers. Recall of a significant part of its products and any claims to indemnify for damages caused by use of these products may result in long-term restrictions for access of these products to the market and loss of confidence in the Group and its products. Even where it is revealed that allegations concerning product safety are unjust, negative public opinion may adversely affect the Group's reputation, image and name in a material way. Furthermore, the limits of civil liability insurance held by the Group may be insufficient to cover the damages caused; therefore, the Group would have to indemnify for any non-covered damages from its own resources, which may also have a significant adverse influence on its financial situation, business and results. The Group's activities may also sustain adverse effects where the users of primary agricultural materials offered by the Group (processors or their clients) lose confidence in the Group's products and products produced from them, their quality or safety. A negative opinion could make business partners refuse to order certain products supplied by the Group. This may reduce supplies to the market and adversely affect the Group's financial situation and business results.

The Group is subject to fluctuation of prices of seeds, organic farming compliant fertilisers, compound foodstuffs. The Group's business strongly depends on fluctuation of prices paid for the products used in the Group's activities. Prices of seeds, organic farming compliant fertilisers, compound foodstuffs used by the Group fluctuated in the past and they may also fluctuate significantly in the future. The Group has not entered into long-term agreements with long-term fixed prices for the acquisition of seeds, fertilisers, compound foodstuffs used in its business. Thus, the probability exists that in the future, the Group would have to purchase required seeds, organic farming compliant fertilisers or compound foodstuffs at less favourable conditions than it can do now, or for preserving the level of acquired commodities favourable for the Group, would have to choose other suppliers who might offer seeds, organic farming compliant fertilisers or compound foodstuffs of a poorer quality. Consequently, this may adversely affect the Group's financial situation, business and results.

National policies and regulation in the field of agriculture and related business areas may adversely affect the Issuer's activities and profitability. National policies and regulation by the institutions of the EU strongly affect agriculture, the manufacture of agricultural products and their supply to the market. Regulation of agricultural activities is expressed through regulation of taxes, tariffs, quotas, subsidies, import, export, etc. Any change in this area may have a significant influence on profitability of agricultural activities, lead to the choice of crops to grow, increase or decrease production volumes or imports and exports of primary agricultural products. Furthermore, any international commercial disputes may adversely affect international trade flows restricting cross-border or regional trade. Future policies in the relevant area may have a negative influence on the prices of agricultural products offered by the Issuer or restrict business possibilities of the Issuer in relevant markets. This may adversely affect the Group's business, financial situation and results.

3.4 Risk Factors Related to the Issuer's Shares

The price of the Issuer's Shares may fluctuate. The market price of Shares listed on a regulated market is determined by supply and demand, which depends on a number of factors that can be either related or non-related to the performance of the Company, including, but not limited to, changes in the Group's financial results, differences between the financial results and market expectations, changes in the profit estimates made by analysts,

comparison of the prospects of various sectors of the economy, the overall economic situation, changes in laws applicable to the sector in which the Group Companies and the Company operate and other events and factors which are independent of the Company. As a consequence, the price of the Shares may go down as well as up. In the event of significant price fluctuations, the shareholders may incur losses. This is possible, in particular, as a result of periodic changes in the Company's financial results, the liquidity of the stock market, the conditions prevailing on the WSE or Nasdaq Vilnius, the conditions prevailing on world markets, as well as changes in economic and political factors. Future sales of Shares by the Issuer's Major Shareholders, the liquidity of trading in the Shares and capital reduction or purchases of Shares by the Issuer as well as investor perception can also have a material impact on the Issuer's share price.

Turmoil in equity markets could have a negative impact on the value of the Shares.

Financial or other turmoil in equity markets has in the past adversely affected market prices in the world's securities markets for companies operating in all sectors and economies. There can be no assurance that renewed volatility stemming from future financial turmoil, or other factors, such as political unrest, that may arise in local and/or other markets, will not adversely affect the value of the Shares.

The market value of Shares may be adversely affected by future sales or issues of substantial amounts of Shares.

In connection with the Offering, a "Lock-up" Agreement (the "**Lock-up Agreement**") is executed in respect of the issue and sale of the Offer Shares by the Global Lead Manager and the Selling Shareholder (see the Section *Lock-up Agreement* for further details regarding the terms of this agreement, including the period for which such restrictions will be binding on this shareholder). After the expiration of termination of this Lock-up, the respective Shares will be available for sale without any restrictions and there can be no assurance as to whether or not they will be sold on the market in a way which decreases the market price of the Shares.

The Company cannot predict what effect such future sales or offerings of Shares, if any, may have on the market price of the Shares. However, such transactions may have a material adverse effect, even if temporary, on the market price of the Shares. Therefore, there can be no assurance that the market price of the Shares will not decrease due to subsequent sales of the Shares held by the existing shareholders of the Issuer or a new Share issue by the Issuer.

Planned increase in the number of the Shares can reduce their price and bear a dilution effect to existing shareholders not participating in subscribing for the Offer Shares.

The increase of the number of the Issuer's Shares may have a negative effect on their price. Following the capital increase of the Company (presuming that all 40,000,000 New Shares shall be subscribed and paid for, also provided that none of the existing shareholders acquire the Offer Shares), the existing shareholders' stake in the Issuer's share capital after the new Issue will be equal to 82.41%, i.e. the shareholdings of the current shareholders stake would be reduced by 17.59% (excluding the impact of the Sale Shares).

Future offerings by the Issuer of debt or other equity-like securities may adversely affect the market price of the Shares and dilute the interests of its shareholders.

To finance investment plans, the Issuer or its Subsidiaries may raise additional capital by offering debt or additional equity-like securities, including notes convertible into shares, senior or subordinated notes and preference shares.

The issuance of equity or debt securities with conversion rights may dilute the economic and voting rights of the existing shareholders if made without granting pre-emptive or other subscription rights, or reduce the price of the Shares, or both. The exercise of conversion rights or options by the holders of convertible or warrant-linked bonds that the Issuer may issue in the future may also dilute the interests of the Issuer's shareholders. Holders of the Issuer's ordinary shares have statutory pre-emptive rights entitling them to purchase a percentage of every issuance of the Issuer's ordinary shares. As a result, holders of the Issuer's ordinary shares may, in certain circumstances, have the right to purchase ordinary

shares that the Issuer may issue in the future in order to preserve their percentage ownership interest in the Issuer. If the General Meeting withdraws shareholders of pre-emptive rights or they fail to exercise such rights, their share in the share capital will be reduced.

As any decision by the Issuer to issue additional securities depends on market conditions and other factors beyond the Issuer's control (including the respective decision of the General Meeting), the Issuer currently cannot predict or estimate the amount, timing or nature of any such future issuances. Thus, Prospective Investors bear the risk of the Issuer's future offerings reducing the market price of the Shares and diluting their interest in the Company.

Securities or industry analysts may cease to publish research or reports about the Issuer's business or may change their recommendations regarding the Shares. The market price and/or trading volume of the Shares may be influenced by the research and reports that industry or securities analysts publish about the Company's business or the business of the Subsidiaries. There can be no guarantee of continued and sufficient analyst research coverage for the Company, as the Company has no influence on analysts who prepare such researches and reports. If analysts fail to publish researches and reports on the Company regularly, or cease to publish such reports at all, the Company may lose visibility in the capital markets, which in turn could cause the Shares' price and/or trading volume to decline. Furthermore, analysts may downgrade the Company's shares or give negative recommendations regarding the Shares, which could result in a decline of the Share price.

No guarantee of dividend payment to the Issuer's shareholders. The Company is under no lasting and definite obligation to pay regular dividends to its shareholders and no representation can be made with respect to the payment and amount of future dividends, if any. The Management Board's recommendations for the distribution of profit will be based on many factors including financial performance, working capital requirements, reinvestment needs and strategic considerations which may not necessarily coincide with the short-term interests of all shareholders. The payment of dividends and the amount thereof will be subject to the ultimate discretion of the qualified majority of the Company's shareholders, holding not less than 2/3 of votes present at the General Meeting. Furthermore, for payment of dividend prior written consents of certain banks, with which the relevant credit agreements were signed, would be needed.

The Offering and/or the Admission may be delayed, suspended or cancelled; the Investors are not guaranteed that they will be allotted the number of Offer Shares they subscribed for, if at all. Public offerings are subject to various circumstances independent from the Issuer. In particular, the demand for the Offer Shares is shaped by, among others, investors' sentiment towards the sector, legal and financial conditions of the Offering. In case such circumstances would have adverse impact on the results of the Offering, the Issuer may decide to delay, suspend or cancel the Offering (for further details please see the Section 5.6 *The Offering and Plan of Distribution*). Consequently, the investors may be unable to successfully subscribe for the Offer Shares and payments made by investors during the Offering, if any, will be returned without any compensation.

The same consequences (return of the Investors' funds or part thereof without any compensation) may arise, in case the respective Investor is allotted a lesser number of Offer Shares than the number subscribed for, or if have not allotted Offer Shares at all. The Offer Shares will be allotted to the Investors at the absolute discretion of the Issuer and the Global Lead Manager, i.e. the total number of the Offer Shares allotted to the Retail Investors and the Institutional Investors, including a concrete number of Offer Shares, allocated to any individual Investor, will be determined by the Issuer with the Global Lead Manager at their absolute discretion.

Furthermore, the Bank of Lithuania, when performing its functions has the right (i) to suspend the public offering of the securities and their admission on the regulated market for the term of up to 10 business days, when it has reasonable suspicions, that the indicated actions are executed not in conformity with the applicable legal requirements or the terms and conditions, foreseen in the prospectus or (ii) to require to suspend or terminate the trading in specific

securities on a regulated market or (iii) has a right to suspend the promotional activities and to establish the term of up to 10 business days for removal of the breaches and for execution of other relevant actions (if these breaches are not removed or other actions not executed within the indicated term, the Bank of Lithuania has a right to prohibit the promotional activities).

Moreover, in case the Issuer or any entity acting on the Issuer's behalf regarding the New Shares' admission or introduction to trading on the WSE or regarding promotional activities breaches regulations regarding the Shares' admission or introduction to trading on the WSE or regarding promotional activities, the PFSA has to inform about this event simultaneously to the Bank of Lithuania and ESMA. Afterwards, if the Bank of Lithuania does not take any measures aimed at preventing any further breach or when such measures prove ineffective, the PFSA may, after previous communication with the Bank of Lithuania and ESMA, (i) suspend the Shares' admission or introduction to the regulated market of the WSE for the term of up to 10 business days, or (ii) prohibit the Shares' admission or introduction to the regulated market of the WSE, or (iii) suspend the promotional activities and to establish the term of up to 10 business days for removal of the breaches and for execution of other relevant actions, or (iv) prohibit promotional activities, or (v) publish, at the Issuer's expense, information on breach of regulations.

The New Shares may be not eligible to be admitted and/or introduced to trading or listing on the regulated market (Parallel Market) of the WSE or the Baltic Main List of Nasdaq Vilnius. The Admission and introduction of the New Shares to trading on the regulated market of Baltic Main List of Nasdaq Vilnius and introduction of the New Shares to trading on the regulated market (Parallel Market) of the WSE is subject to the consents of the management boards of the WSE and Nasdaq Vilnius respectively and the registration of the New Shares in the CSDP, where CSDP will be acting as a secondary depository for the Shares. Such consents and registration may be obtained if the Issuer, the New Shares satisfy all the legal requirements, specifically, those set forth in the respective regulations of the WSE, Nasdaq Vilnius and the CSDP. One of the requirements provided for in the Regulation on the Market and Issuers as well as in the Listing Rules of Nasdaq Vilnius, and a requirement on which the admission of the New Shares to trading on the regulated market depends, is ensuring the proper liquidity of the Shares. Moreover, some of the criteria with respect to the Admission and/or introduction of the New Shares to trading on the regulated market are discretionary and left to the WSE and Nasdaq Vilnius to assess. The Company intends to take all the necessary steps to ensure that its New Shares are admitted and introduced to trading on the WSE and Nasdaq Vilnius as soon as possible after the closing of the Offering. However, the Issuer cannot guarantee that the above criteria will be satisfied and/or that these approvals and consents will be obtained and that the New Shares will be admitted and introduced to trading on the regulated market of the WSE and Nasdaq Vilnius on or about 3 August 2018 as expected or at all. In addition, the Issuer cannot rule out the possibility that due to circumstances beyond its control, the Admission and introduction of the New Shares to trading on the Parallel Market of the WSE or on the Baltic Main List of Nasdaq Vilnius will be effected on dates other than as originally anticipated or that they will be effected simultaneously.

Large shareholder's risk. 88.13% of Shares and voting rights granted thereby are held (and, assuming that all the Offer Shares will be fully subscribed and paid for 63.83% of Shares and voting rights will be held) by a single Selling Shareholder. Voting of this shareholder will influence all the decisions to be taken by the General Meeting, e.g. the election of the members of the Supervisory Council, distribution of profit, increase of the authorised capital of the Company, etc. There is no guarantee that the Selling Shareholder's decisions will always coincide with the opinion and interest of other shareholders. The Selling Shareholder has also the possibility to block the proposed decisions of other shareholders of the Company.

There is no guarantee that the Company will remain listed on the WSE or on Nasdaq Vilnius. If the Company fails to fulfil certain requirements or obligations under the applicable provisions of securities laws, including in particular the requirements and obligations provided

for under the Public Offering Act and the Trading in Financial Instruments Act, the Law on Securities, the PFSA and/ or the Bank of Lithuania could impose a fine on the Company or delist its Shares from trading on the WSE and/or on Nasdaq Vilnius respectively.

Nasdaq Vilnius management board may delist the Shares from trading, if further trading in such Shares imposes a threat to investors' interests or the proper functioning of Nasdaq Vilnius. Furthermore, the Bank of Lithuania may require Nasdaq Vilnius to suspend or terminate trading in specific financial instruments on Nasdaq Vilnius.

Nasdaq Vilnius management board may delist the Shares from trading where: (i) the issuer or its financial instruments do not fulfil the requirements of the Nasdaq Vilnius list, to which it is admitted, (ii) the issuer fails to comply with the requirements of the Listing Rules or fails to fulfil the obligations thereunder, (iii) within 3 months from the suspension in trading, the issuer fails to eliminate the cause underlying the suspension, (iv) an issuer decides to liquidate the company, the court initiates bankruptcy or the meeting of creditors decides upon the extra judicial bankruptcy procedures, (v) an issuer shall cease to function as a company after its reorganization, (vi) the number of the financial instrument's holders is so small that the market will not be able to function properly, (vii) the issuer's economic and/ or legal status is detrimental to the interests of investors, (viii) discontinuance of the listing of the security is requested by a body authorized by the issuer of the financial instruments, providing grounded reasons. Nasdaq Vilnius must review the documents and adopt a decision within 3 months from the day the application or additional documents are received. Nasdaq Vilnius may refuse to satisfy the request of a body authorized by the issuer of the financial instruments, where removal of the financial instruments from the lists would violate the rights and/or legitimate interests of many investors.

The WSE management board will delist the Shares from trading upon the request of the PFSA, if the PFSA concludes that trading in the Shares imposes a significant threat to the proper functioning of the WSE or the safety of trading on that exchange or infringes investors' interests. The mandatory delisting will also be effected by the WSE management board where: (i) transferability of Shares has become restricted, (ii) Shares are no longer in book entry form, (iii) the PFSA has requested so in accordance with the Trading in Finance Instruments Act, (iv) the Shares have been delisted from regulated market by the Bank of Lithuania or another competent supervisory authority over such market.

The WSE management board may also delist the Shares where, (i) the Shares cease meeting all requirements for admission to trading on the WSE; (ii) the Company persistently violates the regulations of the WSE; (iii) the Company has requested so; (iv) the Company has been declared bankrupt or a petition for bankruptcy has been dismissed by the court because the Company's assets do not suffice to cover the costs of the bankruptcy proceedings; (v) the WSE considers it necessary in order to protect the interests of the market participants; (vi) following a decision on a merger, split or transformation of the Company; (vii) no trading was effected in the Shares within a period of three previous months; (viii) the Company has become involved in a business that is illegal under the applicable provisions of laws; and (ix) the Company has entered into liquidation proceedings.

The Company believes that as at the date hereof there are no circumstances which could give grounds for delisting of the Shares from the WSE and/or from Nasdaq Vilnius in the foreseeable future. However, there can be no assurance that any of such circumstances will not arise in relation to the Shares in the future. Delisting of the Shares from the WSE and/or from Nasdaq Vilnius could have an adverse effect on the liquidity of the Shares and, consequently, on investors' ability to sell the Shares at a satisfactory price.

Trading in the Company's Shares on the WSE or on Nasdaq Vilnius may be suspended. Nasdaq Vilnius has the right to suspend trading in Shares or execution of orders in them, if (i) the issuer of the financial instruments or the financial instruments themselves do not qualify for the trading list of Nasdaq Vilnius to which they are admitted, (ii) suspension of trading or execution of orders is necessary for the protection of interests of investors, (iii) suspension is required by the Bank of Lithuania, (iv) the issuer fails to comply with the

requirements of the Listing Rules or fails to fulfil the obligations thereunder, (v) if the information disseminated by the issuer through the information system, which may have material effect on the price of its financial instruments, is clearly false or misleading and requires thorough explanation or must be verified due to other reasons (vi) in other cases provided for in the Listing Rules and also (vii) at the request of their issuer.

The WSE management board has the right to suspend trading in the Shares for up to three months (i) at the request of the Company, (ii) if the Company fails to comply with the respective regulations of the WSE (such as specific disclosure requirements), or (iii) if it concludes that such a suspension is necessary to protect the interests and safety of market participants.

Furthermore, the WSE management board will suspend trading in Shares upon the request of the PFSA, if the PFSA concludes that trading in the Shares is carried out in circumstances which may pose a possible threat to the proper functioning of the WSE or the safety of trading on that exchange or may harm investors' interests. The WSE management board will suspend trading if trading in Shares is suspended on a regulated market, if such suspension is related to alleged insider trading, unlawful disclosure of inside information, market manipulation or breach of reporting obligations by the Issuer, unless such suspension could result in material loss for investors or for proper functioning of the market.

The Issuer will make all endeavours to comply with all applicable regulations in this respect. However, there can be no assurance that trading in the Shares will not be suspended on the WSE and/or on Nasdaq Vilnius. Any suspension of trading could adversely affect the Share price.

There can be no assurance regarding the future development of the market for the Shares and its liquidity. The existing Shares are listed on the WSE and on Nasdaq Vilnius. However, the past performance of such Shares on the WSE and/or on Nasdaq Vilnius cannot be treated as indicative of likely future development of market and future demand for the Shares. The lack of a liquid public market for the Shares may have a negative effect on the ability of shareholders to sell their shares, or adversely affect the price at which the holders are able to sell their shares. There can be no assurance as to the liquidity of any trading in the Shares, or that the Shares will be actively traded on the WSE or on Nasdaq Vilnius in the future.

Dual listing of the Shares results in differences in liquidity, settlement and clearing systems, trading currencies and transaction costs between the two exchanges where the Shares are listed. These and other factors may hinder the transferability of the Shares between the two exchanges. The existing Shares are listed on the WSE and on Nasdaq Vilnius. Therefore, trading and liquidity of the Shares are and will be split between those two exchanges. Furthermore, the price of the Shares may fluctuate and may at any time be lower on the Nasdaq Vilnius than the price at which the shares are traded on the WSE and vice versa.

Differences in settlement and clearing systems, trading currencies, transaction costs and other factors may hinder the transferability of Shares between the two exchanges. This could adversely affect the trading of the Shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the Shares on these exchanges. In addition, the Shares may be suspended or excluded from trading on one regulated market, while remain in trade on another, which would have a negative impact on the ability of some shareholders to trade in the Shares and may force them to transfer the Shares to another regulated market, where the trading takes place, which could involve additional costs.

The Shares are quoted and traded in EUR on Nasdaq Vilnius and are quoted and traded in PLN on the WSE. The Shares traded on the Nasdaq Vilnius are settled and cleared through Nasdaq CSD. The Shares traded on the WSE are settled and cleared through CSDP and its subsidiary. The transfer of the shares between the Nasdaq Vilnius and the WSE are effected through a direct settlement link between Nasdaq CSD and the CSDP. Although the Polish and Lithuanian

settlement systems operated by the CSDP and Nasdaq CSD currently settle transfers of Shares between CSDP and Nasdaq CSD participants, they are under no obligation to perform or to continue to perform such procedures and such procedures may be discontinued at any time, which may limit the liquidity of the Shares and have a negative impact on the efficiency of the pricing mechanisms of the secondary market of the Shares.

3.5 Legal and Taxation Risk Factors

The rights of Lithuanian company shareholders may differ from the rights of the shareholders of other countries' companies and the legislation, interpretation and application of legal acts may be different in Lithuania from that in other countries.

The Company is organized and exists under the laws of Lithuania; the existing Shares are listed on the WSE and on Nasdaq Vilnius. Accordingly, the Company's corporate structure as well as rights and obligations of the shareholders may be different from the rights and obligations of shareholders in companies listed in other respective home regulated markets. The exercise of certain shareholders' rights for non-Lithuanian investors in a Lithuanian company may be more difficult and costly than the exercise of rights in an alternative country. For example, an action with view of declaring a resolution invalid must be filed with, and will be reviewed by a Lithuanian court, in accordance with Lithuanian law. In addition, Lithuanian regulations may provide shareholders with particular rights and privileges which might not exist in other countries and, vice versa, certain rights and privileges that shareholders may benefit from in other countries may not be guaranteed under the applicable Lithuanian laws.

Even though Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies should be transposed into the national law of Lithuania and other EU countries, there still might be differences in regulation of the shareholder rights and exercise thereof across the countries. In addition, even where the regulation is comparable, there still might be differences in its interpretation and application.

Lithuania is the home Member State of the Issuer for the purpose of the European Union securities regulations, and Poland is its host Member State. The EU directives provide different competences for the home Member State and host Member State with respect to rights and obligations of the investors in public companies, depending on the subject of regulations. In addition, the directives are not always implemented in the proper manner at a national level. Consequently, investors in the Shares may be forced to seek complex legal advice in order to comply with all regulations when exercising their rights or when fulfilling their obligations. In case an investor fails to fulfil its obligations or violates law when exercising rights from or regarding the Shares, investor may be fined or sentenced for such non-compliance or be unable to exercise rights from the Shares.

Also 2 thresholds applicable with regard to the voting rights of the Issuer should be considered if it comes to the takeover bid, i.e. 33% and 33 ⅓%. According to the applicable Polish laws a shareholder that wishes to exceed the 33% voting rights threshold in the company is obliged to launch a public tender for shares that will entitle it to hold 66% of votes. It should be noted that the Polish law explicitly excludes application of the Polish regulations concerning thresholds only with respect to the 66% threshold as the mandatory threshold under the Takeover Directive. In such a case, the Lithuanian threshold of 33 ⅓% should apply. On the other hand, the additional threshold of 33% stipulated in the Polish law is a separate obligation imposed by Poland irrespective of the Takeover Directive. Therefore, the announcement of a take-over bid when exceeding 33 ⅓% of votes to satisfy the obligations imposed by the Takeover Directive should be deemed a different obligation from the obligation to announce a bid for 66% of votes when exceeding 33% of votes to satisfy additional Polish requirements. For more information on this issue please see the Section *Certain Lithuanian and Polish Securities Market Regulations*.

In addition, the exercise of pre-emption and certain other shareholder rights for non-Lithuanian investors in a Lithuanian company may be more difficult and costly than the exercise of rights in a company listed on a different regulated market. Resolutions of the

General Meeting may be taken with majorities different from the majorities required for adoption of equivalent resolutions in other countries' companies. Action with a view to declaring a resolution invalid must be filed with and will be reviewed by a Lithuanian court in accordance with Lithuanian law. Moreover, certain protections such as anti-takeover measures may not be available to holders of the Shares or their application may be uncertain.

Judgments of non-Lithuanian courts against the Company may be more difficult to enforce than if the Company and its management were located in other respective countries. The Company and the Group were formed in accordance with the Lithuanian law and their registered offices are in Lithuania (ten Subsidiaries of the Company were formed in accordance with Estonian law and three in accordance with German law and their registered offices are registered in these countries respectively). For this reason, investors outside of Lithuania may encounter difficulties in serving summons and other documents relating to court proceedings on any of the entities within the Group and/or the management personnel working for the Group. For the same reason, it may be more difficult for investors from third countries to enforce a judgment of the respective country's courts issued against any entities within the Group and/or the management personnel working for the Group than if those entities and/or the management personnel were located in such third country.

Tax treatment for non-Lithuanian investors in a Lithuania company may vary. The Company is organised and existing under the laws of Lithuania and, as such, the Lithuanian tax regime applies to the distribution of profit and other payments from the Company to its investors. The taxation of income from such payments as well as other income, for instance, from the sale of the Shares, may vary depending on the tax residence of particular investors as well as the existence and the provisions of double tax treaties between an investor's country of residence and Lithuania. Tax provisions applying to particular investors may be unfavourable and/or may change in the future in a way which has an adverse effect on the tax treatment of an investor's holding of the Shares.

The Issuer does not follow some of the requirements of the Nasdaq Corporate Governance Code and the WSE Corporate Governance Code to their full extent. The Issuer does not follow some of the requirements of the Nasdaq Corporate Governance Code and the WSE Corporate Governance Code to their full extent: the Company does not publish its report on policy of remuneration, the Company has not formed Nomination and Remuneration Committees, etc. Detailed information on the compliance of the Issuer with the corporate governance regime of Nasdaq Vilnius and the WSE is provided in the annex to the Annual Report for the year 2017 of the Company.

Registration of two trademarks of the Company (i.e. AUGA graphic logo and words AUGA CO) is disputed by two legal entities. Although both disputes, which are still ongoing, relate to EU registration filings, they are based on misleading effect of the AUGA trademarks with earlier trademarks registered in Lithuania only. Should the disputes be lost, the trademarks would not be protected in the EU. However, the Company would be entitled to priority filing date and protection on which it may file application(s) for the registration of the trademarks in other EU countries. The mentioned entities may further claim for prohibiting the Company to use these trademarks in Lithuania only. The words AUGA CO are not actually used by the Company. Therefore, the risk regarding the restriction for the use of AUGA graphic logo concerns Lithuania only.

Finalising Group Companies' internal rules and procedures related to data processing operations may result in costs for adapting to EU's General Data Protection Regulation (the "GDPR"). The Group Companies are in active and coordinated process to achieving GDPR compliance and will incur additional costs to this end. They should adhere to the GDPR as of 25 May 2018. Group Companies may finalise GDPR preparation after the GDPR is in force. The companies which do not adhere to the GDPR requirements may be subject to penalties in the amount of up to EUR 10 – 20 million or 2 – 4% of total worldwide turnover of the company of the preceding financial year depending on the severity of the infringement. However, the risk of a penalty is reduced considering the limited scope of personal data processed by the Group Companies, the fact that personal data processing

is not among its core activities, the level of compliance achieved during intense GDPR preparation and the lack of local legislation required to verify and ensure full GDPR compliance.

Due to ambiguities in applicable regulation the Group's agricultural companies may not be in compliance with formal requirements concerning appointment of management board members. Lithuanian law requires that only members (shareholders) of agricultural companies are appointed as their board members. However, the laws are not clear on who may be appointed to the management board of agricultural companies in case all of the members of such company (or major part of them) are legal persons, which is the case in major part of the Group's agricultural companies. In current management boards of the Group's agricultural companies either no member or only one member of the management board is also a member (shareholder) of the company.

Legal requirements and regulations of the markets, in which the Group operates, may be changed. If the Group fails to adapt itself in time to new requirements of legal acts or decisions regulating issues specified above, fines may be imposed, the Group's activities may be restricted, etc., which can have a relevant effect on its activities and business prospects, call for unexpected expenses necessary for fulfilment of certain obligations or for payment of fines.

Besides, in case of changes in legal acts or the state taxation policy with regard to equities, the attractiveness of the Company's Shares may change. This may lead to reduction of liquidity and/or the price of the Company's Shares.

Tax contingencies and uncertain tax positions. Lithuanian tax legislation which was enacted or substantively enacted at the end of the reporting period may be subject to varying interpretations. Consequently, tax positions taken by the Management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years after the year of review. The Management is not aware of any circumstances that could lead to significant tax charges and penalties in the future that have not been provided for or disclosed in this Prospectus. The Group's uncertain tax positions are reassessed by the Management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by the Management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on the Management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Holders of the Shares in certain jurisdictions may be subject to restrictions regarding the exercise of pre-emptive rights with respect to future offerings. In the case of an increase of the Issuer's registered share capital, existing shareholders of the Issuer are entitled to exercise pre-emptive rights pursuant to the applicable regulations of Lithuania, unless waived under a resolution of the General Meeting by no less than 3/4 majority of votes, present in the meeting. To the extent that pre-emptive rights are granted, holders of the Shares in the United States may be unable to exercise their pre-emptive rights unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. Shareholders of the Issuer in other jurisdictions may also be limited in their ability to exercise their pre-emptive rights. The Issuer cannot give any assurance that in the future it will register any of the Shares or other securities in accordance with the U.S. Securities Act or the provisions of any other jurisdiction outside of Poland and Lithuania. If the Issuer's share capital is increased in the future, the Issuer's shareholders who are not able to exercise a potential pre-emptive right (in accordance with the laws of the country where they have their registered office) should take into account that their interest in the Issuer's share capital may be diluted upon such issuance of new shares in the Issuer. Furthermore, although in some jurisdictions non-participating

shareholders may be given a distribution in cash of the value of their tradable rights, there is no requirement to do so in Lithuania and, consequently, a holder of the Shares may not receive any exercisable rights or any compensation in lieu of such rights.

IV. INFORMATION ABOUT THE ISSUER

4.1 Statutory Auditors

The Consolidated Financial Statements for the years ended 31 December 2017 and 31 December 2016 were prepared in accordance with the IFRS and audited by PricewaterhouseCoopers UAB. PricewaterhouseCoopers UAB headquarters are registered at J. Jasinskio str. 16B, LT-03163 Vilnius, Lithuania, tel. +370 5 239 2300, fax +370 5 239 2301, audit licence number is 000173. The audit for the years 2017 and 2016 was executed by auditor Mr. Rimvydas Jogėla, auditor's licence No. 000457.

The Consolidated Financial Statements for the year ended 31 December 2015 were prepared in accordance with the IFRS and audited by KPMG Baltics UAB. KPMG Baltics UAB headquarters are registered at Konstitucijos ave. 29, LT-08105 Vilnius, Lithuania, tel. +370 5 2102 600, fax +370 5 2102 659, audit licence number is 001446. The audit for the year 2015 was executed by auditor Mr. Domantas Dabulis, auditor's licence No. 000409.

The Company performs tenders regarding selection of the auditors for audit of the financial statements every one-two years. Selection is based on the combination of criteria, including quality, timeliness and cost. Subsequent to the above approach the auditors were changed in the year 2016. Thus, the auditor of the Company was changed as indicated above due to this reason.

4.2 Selected Financial Information

Summary financial information is provided in the table below. The information is extracted from audited Consolidated Financial Statements and unaudited Consolidated Interim Information. Unless otherwise stated, this information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

Table 1: Selected financial information of the Group (EUR'000)

Item	31 March 2018	31 March 2017	31 December 2017	31 December 2016	31 December 2015
	<i>unaudited</i>		<i>audited</i>		
Consolidated Income statement					
Revenues	11,492	12,107	48,784	39,630	47,425
Operating profit	989	289	6,697	3,890	8,129
Profit/ (loss) before income tax	625	17	4,793	1,792	6,128
Net profit/ (loss) for the year	625	17	5,015	2,145	5,559
Balance sheet					
Property, plant and equipment	88,463	85,235	85,235	76,262	89,634
Biological assets (livestock etc.)	7,949	8,029	8,029	6,858	6,637
Other non-current assets ⁶	8,408	5,867	5,867	3,573	10,590
Total non-current assets	104,820	99,131	99,131	86,693	106,861
Biological assets (crops, mycelium cultivation seedbed etc.)	12,861	10,111	10,111	5,223	4,067
Inventory	23,770	25,547	25,547	15,157	8,856
Trade receivables, advance payments and other	11,937	10,765	10,765	13,367	11,414

⁶ Other non-current assets include investments in subsidiaries, intangible assets, long-term receivables, available for sale investments, associates deferred tax asset.

receivables					
Cash and cash equivalents	1,040	620	620	1,650	4,068
Assets classified as held for sale	4,247	2,374	2,374	0	0
Total current assets	53,855	49,417	49,417	35,397	28,405
Total assets	158,675	148,548	148,548	122,090	135,266
Total equity	79,640	79,015	79,015	72,238	69,130
Borrowings and financial lease	25,928	22,522	22,522	20,365	21,319
Other non-current liabilities ⁷	4,343	4,313	4,313	3,719	6,672
Total non-current liabilities	30,271	26,835	26,835	24,084	27,991
Current portion of non-current borrowings and financial lease	7,022	7,462	7,462	6,275	19,282
Current borrowings	21,673	13,607	13,607	5,350	6,077
Trade payables	14,358	14,467	14,467	8,796	8,473
Other current liabilities ⁸	5,711	7,162	7,162	5,347	4,313
Total current liabilities	48,764	42,698	42,698	25,768	38,145
Total liabilities	79,035	69,533	69,533	49,852	66,136
Total equity and liabilities	158,675	148,548	148,548	122,090	135,266
Financial debt (current and non-current, including financial leases)	54,622	43,591	43,591	31,990	46,678
Invested capital (financial debt and total equity)	134,262	122,606	122,606	104,228	115,808
		Cash flow statement			
Cash flow from/ (to) operating activities	(3,162)	1,165	4,365	806	8,059
Cash flow from/ (to) investing activities	(2,399)	(2,455)	(6,552)	1,430	(1,544)
Cash flow from/ (to) financing activities	5,981	53	1,158	(4,654)	(3,501)

Sources: Consolidated Financial Statements, Consolidated Interim Information, the Company

The financial years covered by the Consolidated Financial Statements were characterised by variable sales and profit growth. This is mostly attributable to two reasons. Firstly, in 2016 the Issuer continued the transition to becoming a fully certified organic operation and had to use its own produced feed for cows; and secondly the specific nature of the organic produce market is such that most of the sales are quite evenly divided from the point of harvest until the following summer. This is explained in more detail below.

In 2017, the Issuer's consolidated sales grew by 23% (from EUR 39,630 thousand to EUR 48,784 thousand), while consolidated net profit grew by 134%, indicating a combination of both strong growth in efficiency and the benefit of being able to command higher prices for organic products. The current trends in demand and the expansion through acquisitions support the Management's expectation for a growth in sales in 2018.

In addition to sales growth, margin improvements have also been exhibited during 2017. The operating and net profit margins improved from 10% to 14% and from 5% to 10% respectively in 2017.

⁷ Other non-current liabilities include deferred grant income, deferred tax liability.

⁸ Other current liabilities include other payables and current liabilities, liabilities directly associated with assets classified as held for sale.

In the 3 months period ending 31 March 2018 the Issuer's revenues decreased by 5% compared to the same period last year due to a decline in crop sales, which were lower mainly due to client agreements that allows for longer periods for the delivery of the harvests than in the previous period.

The operating profit margin increased from 2.39% to 8.60% mainly due to increased milk prices and the conversion to organic agriculture in 2017. This increase in operating margin strongly supported the expansion of the quarterly net profit from EUR 17 thousand at the end of the 3 months period ending 31 March 2017 to EUR 625 thousand at the end of the 3 months period ending 31 March 2018.

This Prospectus contains certain financial measures that are not defined or recognised under the IFRS and which are considered to be "alternative performance measures" as defined in the "ESMA Guidelines on Alternative Performance Measures" issued by the European Securities and Markets Authority on 5 October 2015 (the "**Alternative Performance Measures (APMs)**"). This Prospectus presents the following Alternative Performance Measures defined further below.

Table 2: Key Ratios and Indicators

<i>Item</i>	<i>12-month period ended 31 March 2018</i>	<i>12-month period ended 31 March 2017</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
EBITDA*, EUR'000	13,750	10,757	14,193	11,213	12,702
EBITDA**, EUR'000	12,724	9,286	13,178	9,623	10,748
EBITDA* margin, %	28.55	25.12	29.09	28.29	26.78
EBITDA** margin, %	26.42	21.69	27.01	24.28	22.66
Debt/EBITDA* (x)	3.97	3.36	3.07	2.85	3.67
Debt/EBITDA** (x)	4.29	3.89	3.31	3.32	4.34
Equity ratio (x)	0.50	0.56	0.53	0.59	0.51
Adjusted working capital, EUR'000	29,602	19,812	26,101	19,604	15,499
Liquidity ratio (x)	1.10	1.24	1.16	1.37	0.74
Quick ratio (x)	0.62	0.87	0.56	0.78	0.51
ROA, %	5.13	2.43	4.95	3.02	6.29
ROE, %	7.34	2.27	6.54	3.09	9.03

Source: the Company (unaudited)

The Company has included the Alternative Performance Measures in the Prospectus because they represent key measures used by the Management to evaluate the Group's operating performance. Further, the Management believes that the presentation of the APMs is helpful to Prospective Investors because these and other similar measures and related ratios are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. The Management also believes that the presentation of the APMs facilitates operating performance comparisons on a period-to-period basis to exclude the impact of items, which the Management does not consider to be indicative of the Group's core operating performance.

EBITDA (earnings before interest, tax, depreciation and amortization). The formula was changed in 2017 in order to align the calculation to the method agreed and used by the major creditors of the Group (banks) in setting of loan covenants. For information purposes EBITDA using new formula (EBITDA*) and previous formula (EBITDA**) is disclosed in the table above. Group will use EBITDA* formula in later reporting periods.

The APMs are not sourced directly from the Consolidated Financial Statements but are derived from the financial information contained therein. These measures have not been audited or reviewed by an independent auditor. The APMs are not defined in the IFRS and should neither be treated as metrics of financial performance or operating cash flows nor deemed an alternative to profit. Those performance measures should only be read as additional information to, and not as a substitute for or superior to, the financial information prepared in accordance with the IFRS. The APMs should not be given more prominence than measures sourced directly from the Consolidated Financial Statements. The Alternative Performance Measures should be read in conjunction with the Consolidated Financial Statements. There are no generally accepted principles governing the calculation of the APMs and the criteria upon which the Alternative Performance Measures are based can vary from company to company, limiting the usefulness of such measures as comparative measures. Even though the APMs are used by the Management to assess the Group's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools and, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute to the revenue, profit before tax or cash flows from operations calculated in accordance with the IFRS for analysis of the Group's position or result.

The reconciliation of the APMs to the line items presented in the Consolidated Financial Statements is provided below (EUR'000):

EBITDA* represents net cash flows from operating activities eliminating adjustments for loss (gain) on change in fair value of biological assets, changes in working capital, income tax paid, interest received, interest paid. 2017: Net cash flows from operating activities 4,365 + Loss (gain) on changes in fair value of biological assets 4,159 + (Increase) decrease in biological assets 6,568 - (Increase) decrease trade receivables and prepayments 3,468 + (Increase) decrease in inventory 6,675 - Decrease (increase) in trade and other payables 5,908 + Interest paid 1,802 = 14,193.

The Management uses EBITDA because it believes that EBITDA is commonly used by lenders, investors and analysts. The Group's use of the term EBITDA and the method of calculating EBITDA may vary from other companies' use and calculation of such term. In particular, EBITDA as presented in this Prospectus is calculated in a manner defined in some of the Company's borrowings terms and conditions.

12 months to 31 March 2018:

- a) EBITDA of 3 months of 2018: Profit (loss) before income tax 625 + Depreciation expense 1,742 + Amortization expense 54 - Reversal of impairment of PPE 1,898 + (Profit) loss on sales of non-current assets 26 + Write-offs of Inventory and Biological Assets 74 + Net finance costs 364 - Grants related to assets, recognized as income 141 = 846;
- b) + EBITDA of 2017 (explained below);
- c) - EBITDA of 3 months of 2017(explained below).

12 months to 31 March 2017:

- a) EBITDA of 3 months of 2017: Profit (loss) before income tax 17 + Depreciation expense 1,532 + Amortization expense 2 + (Profit) loss on sales of non-current assets 43 + Net finance costs 251 - Grants related to assets, recognized as income 556 = 1,289;
- b) + EBITDA of 2016 (explained below);
- c) - EBITDA of 3 months of 2016: Profit (loss) before income tax 555 + Depreciation expense 1,395 + Amortization expense 34 + (Profit) loss on sales of non-current assets 41 - (Profit) loss on sale of investment property 22 - Net finance costs 389 + Grants related to assets, recognized as income 131 = 1,745.

2017: Profit (loss) before income tax 4,793 + Depreciation expense 6,800 + Amortization expense 178 + Write offs and Impairment of PPE 41 - (Profit) loss on sales of non-current assets 2 + Write-offs of Inventory and Biological Assets 1,102 + Net finance costs 1,904 -

Grants related to assets, recognized as income 623 = 14,193.

2016: Profit (loss) before income tax 1,792 + Depreciation expense 6,058 + Amortization expense 50 + Write offs and Impairment of PPE 559 + (Profit) loss on sales of non-current assets 227 + Write-offs of Inventory and Biological Assets 1,266 + Net finance costs 2,098 – Acquired own liabilities at discount 184 + Impairment of Accounts receivable 10 – Grants related to assets, recognized as income 663 = 11,213.

2015: Profit (loss) before income tax 6,128 + Depreciation expense 6,177 + Amortization expense 151 + Write offs and Impairment of PPE 640 – (Gain) on sale of Investment Property 174 + Write-offs of Inventory 1,509 + Net finance costs 2,001 – Acquired own liabilities at discount 10 – Revaluation of Investment Property 3,339 + Impairment of Accounts receivable 65 – Grants related to assets, recognized as income 446 = 12,702.

EBITDA** is calculated as profit before interest, corporate income taxes, depreciation and amortization in addition eliminating one-off effects to net profit.

12 months to 31 March 2018:

- a) EBITDA of 3 months of 2018: Profit (loss) before income tax 625 + Finance cost 329 + Depreciation; amortization expense and grants related to assets, recognized as income 1,619 - (reversal of impairment of Karakash agro OOO and Karakash OOO assets 1,898 – termination expenses of Arginta Engineering UAB purchase agreement 715 + other one-offs 31)= 1,359;
- b) + EBITDA of 2017 (explained below);
- c) – EBITDA of 3 months of 2017 (explained below).

12 months to 31 March 2017:

- a) EBITDA of 3 months of 2017: Profit (loss) before income tax 17 + Finance cost 252 + Depreciation; amortization expense and grants related to assets, recognized as income 1,535 + One-offs 10 = 1,814;
- b) + EBITDA of 2016 (explained below);
- c) – EBITDA of 3 months of 2016: Profit (loss) before income tax 583 + Finance cost 389 + Depreciation; amortization expense and grants related to assets, recognized as income 1,297 - One-offs 118 = 2,151.

2017: Profit (loss) before income tax 4,793 + Finance cost 1,904 + Depreciation expense 6,800 + Amortization expense 178 – Grants related to assets, recognized as income 623 + One-offs 126 = 13,178.

2016: Profit (loss) before income tax 1,792 + Finance cost 2,098 + Depreciation expense 6,058 + Amortization expense 50 – Grants related to assets, recognized as income 663 + One-offs 288 = 9,623.

2015: Profit (loss) before income tax 6,128 + Finance cost 2,001 + Depreciation expense 6,177 + Amortization expense 151 – Grants related to assets, recognized as income 446 – One-offs 3,263 (gain on revaluation of investment property elimination -3,339 + other one-offs 76) = 10,748.

EBITDA margin = EBITDA / Revenues.

Debt/EBITDA = (Non-current borrowings + non-current obligations under finance lease + current portion of non-current borrowings + current portion of non-current obligations under finance lease + current borrowings) / EBITDA. Increase in Debt/EBITDA ratio at 31 March 2018 compared to 31 December 2017 or 31 March 2017 was due to acquisitions of KTG Agrar and Raseiniai agra UAB as business expansion required significant working capital financing increase and additional financial liabilities of acquired companies were consolidated, while financial results of business expansion will materialise only after 2017/2018 harvest.

Equity ratio = Total equity / Total assets.

Adjusted working capital = current biological assets + Trade receivables, advance payments and other receivables + Inventory – Trade payables – Other payables and current liabilities.

The adjusted working capital formula eliminates cash and financing elements allowing the reader to see how well the short-term assets and liabilities directly related to operations of the Group are being utilized. Total current assets and total current liabilities are used to describe liquidity ratio which is also included as a key ratio of the Group.

Liquidity ratio = Total current assets / Total current liabilities.

Quick ratio = (Total current assets – Inventory) / Total current liabilities.

ROA = Operating profit / ((Total assets year end + total assets year beginning)/2). 12 months to 31 March 2018: $7,397 / ((158,675 + 129,953) / 2) = 5.13\%$. 12 months to 31 March 2017: $3,192 / ((129,953 + 132,239) / 2) = 2.43\%$. 2017: $6,697 / ((148,548 + 122,090) / 2) = 4.95\%$. 2016: $3,890 / ((122,090 + 135,266) / 2) = 3.02\%$. 2015: $8,129 / ((135,266 + 123,031) / 2) = 6.29\%$.

ROE = Net profit attributable to equity holders of the Company / ((Equity attributable to equity holders of the parent year end + equity attributable to equity holders of the parent year beginning)/2). 12 months to 31 March 2018: $5,573 / ((79,640 + 72,255) / 2) = 7.34\%$. 12 months to 31 March 2017: $1,607 / ((72,255 + 69,392) / 2) = 2.27\%$. 2017: $4,926 / ((78,633 + 71,945) / 2) = 6.54\%$. 2016: $2,173 / ((71,945 + 68,809) / 2) = 3.09\%$. 2015: $5,618 / ((68,809 + 55,604) / 2) = 9.03\%$.

4.3 Qualifications and emphasis of matter

In order to understand the outcome of the following paragraphs below, please read "Dispute with the Bank of Lithuania re value of eTime invest UAB shares and payment for the Shares of the Company" under the Section 4.20.4 *Legal and Arbitration Proceedings*.

PricewaterhouseCoopers UAB included the following emphasis of matter paragraph in its auditor's report on the Group's and the Company's consolidated and separate financial statements for the year ended 31 December 2017:

We draw attention to Note 30 to these separate and consolidated financial statements, and the key audit matter "Regulatory oversight actions over the Company" below, which describe the uncertainty related to the outcome of the legal dispute between the Company and the Bank of Lithuania. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers UAB included the following emphasis of matter paragraph in its auditor's report on the Group's and the Company's consolidated and separate financial statements for the year ended 31 December 2016:

We draw attention to Note 30 to these separate and consolidated financial statements, and the key audit matter "Regulatory oversight actions over the Company" below, which describe the uncertainty related to the outcome of the legal dispute between the Company and the Bank of Lithuania. Our opinion is not qualified in respect of this matter.

KPMG Baltics UAB included the following emphasis of matter paragraph on the Group's and the Company's consolidated and separate financial statements for the year ended 31 December 2015:

Without qualifying our opinion on both the separate and the consolidated financial statements we draw attention to Note 31 disclosing that Agrowill Group AB⁹ has received Decision No. 241-38 of 15 February 2016 from the Supervision Service of the Bank of Lithuania. The management disagreed with the position of the Supervision Service of the Bank of Lithuania,

⁹ Former name of the Company (until 26 October 2016).

including the issue regarding valuation of the UAB eTime Invest shares used by one of the Company's shareholders as non-monetary contribution for an increase in share capital of Agrowill Group AB, and has issued a legal challenge against the Decision of the Supervision Service of the Bank of Lithuania to the court. As explained in Note 31, the ultimate outcome of this matter and its implications cannot presently be determined.

More information on the audit of the Consolidated Financial Statements of the Company is provided in Section 4.20.1 *Historical Financial Information*.

4.4 Information about the Group

Founded in 2003, originally as an investment company focusing on the development of Lithuanian agricultural sector, in 2014, after the merger with Baltic Champs UAB group, the Group started its major transformation.

During the first year after the merger, the operations of the Company were reviewed, non-core and non-profitable businesses were discarded. In 2015, the Group announced its new strategy and started a full transition to organic farming. The initial business model, including crop growing and dairy farming, was being gradually integrated into the closed-loop organic farming model.

In 2016, the Group presented a new brand AUGA. The Company was re-named AUGA group. The Group defined its new vision to produce affordable organic food in the most sustainable way.

In 2017, the Group completed the transition into organic farming. This year's harvest was already certified organic. In the same year, the Group expanded its business from commodity sales to the production and sale of end consumer products: ready-to-eat soups, preserved vegetables and mushrooms, various grain products and rapeseed oil. All AUGA branded products were certified organic.

Currently, the Issuer is one of the largest primary agricultural production producers in Lithuania. With 38 thousand ha cultivated land, the Group claims that it is the largest vertically integrated organic food company in Europe, controlling the entire process from field to final product. One of the Group's main strengths is the ability to supply a wide range and large quantities of organic products and ensure the control and traceability of the production chain.

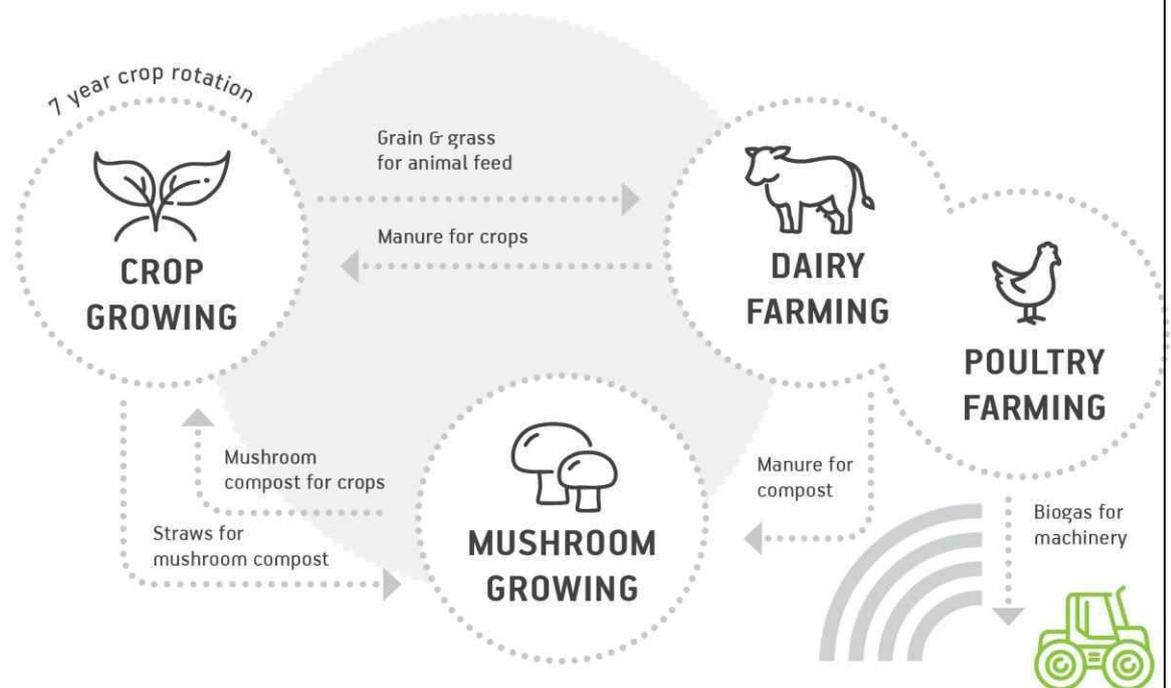
The Group benefits from a strongly growing global organic market that is supported by healthy and sustainable food trends, by offering a wide range of organic commodities and end-consumer products that are certified with the EU Organic, USDA, BRC, Kosher and Global GAP labels. The main areas of activity of the Group are production of raw milk, crop-growing.

Over the last few years, through R&D, experienced and skilled management, and a unique company know-how and operational set-up, the Group has achieved efficiency by utilizing scale of operations, synergies among different agricultural sectors and applying latest scientific knowledge to improve all production processes. The Group intends to grow further with recent acquisitions and new investment projects: poultry, dairy, biogas and other technologies. See more in the Section 5.4 *Reasons for the Issue and use of Proceeds*.

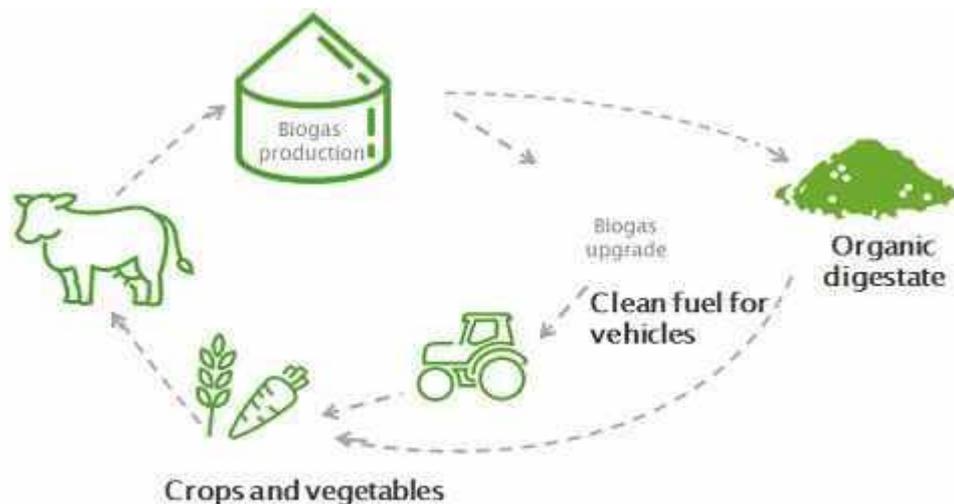
Since 2015 the Group has shifted towards an integrated sustainable farming model. This means that there is synergy among different branches of agriculture with focus on sustainability, resulting in each part of its business being interrelated:

- The crops follow a 5-7 year rotation system and the output products for sale or grain and grass for animal feed; the straw is used for mushroom compost;
- The manure from the animals is used for crops and compost for the mushrooms;

- Mushroom compost from the mushroom growing activities is used as compost for the crops.



In following this sustainability agenda, the Group plans to convert cow manure to biogas to use it for fuel. Moreover, the side product of biogas production process is digestate which can be used as fertiliser. If materials used for biogas production is organic farming compliant than the digestate produced is as well organic farming compliant. According to Ecofys¹⁰, the organic digestate from biogas production that is used as fertilizer can improve crop yields by 18%. Additionally, using digestate and not manure for fertilising as well as biogas instead of fossil fuels can provide climate benefit of 148% compared to fossil fuels¹¹. The Group is already applying the minimum till technology to improve land quality and preserve biodiversity and purchasing only green electricity and utilizing in-house renewable energy plants (solar and wind). For more information see the Company's Sustainability Report for 2017 which is incorporated by reference to this Prospectus.



¹⁰ Ecofys "Biofuels and food security" Carlo Hamelinck, 2013, „Report on analysis of sustainability performance for organic biogas plants“: SUSTAINGAS 2014.

¹¹ „Life Cycle Assessment of Biofuels in Sweden“ Pål Börjesson, Linda Tufvesson & Mikael Lantz 2010.

Table 3: Key information about the Issuer

Legal and commercial name of the Issuer	AUGA group AB
Legal form	Public limited liability company
Head office (place of registration)	Konstitucijos ave. 21C, LT- 08130 Vilnius, Lithuania
Registration number	AB 2003 – 926
Country of registration	Republic of Lithuania
Legal person code	1262 64360
Legislation under which it operates	The laws of the Republic of Lithuania
Date of incorporation	25 June 2003
Operating period	Indefinite
Phone number	+370 (5) 2335340
Fax	+370 (5) 2335345
E-mail	info@auga.lt
Website	http://auga.lt

Source: the Company

4.4.1 History and Development of the Group

2003 – 2014 – Agrowill – land management and conventional farming

On 25 June 2003 Galuvė UAB was established and in the same year, the Company changed its name to Agrovaldymo grupė UAB. On 26 January 2006 Agrovaldymo grupė UAB was transformed from a limited liability company (UAB) into a public limited company (AB). On 5 December 2007, the Company registered a new company name – Agrowill Group AB.

In January – March of 2007 the Issuer acquired group of land management companies Žemės vystymo fondas. Žemės vystymo fondas business activities were closely connected with the Issuer. The land management companies leased part of their owned agricultural land to the Group agricultural entities. The rest of land was leased to third parties (farmers and other third party agricultural entities).

By the end of 2007 the Group established 7 new land management companies. The Group cultivated in total 26,000 ha of land (own and rented land) at that time.

In March of 2008 the Company successfully completed the Initial Public Offering (IPO) and listed its Shares on the Vilnius Stock Exchange (currently Nasdaq Vilnius). During the IPO in total 6,777,777 shares were sold at LTL 5 (c.a. EUR 1.45) per share. Institutional investors subscribed for 6,594,193 shares (approximately 97.3% of the total offering).

In July of 2008 the Issuer acquired the Estonian milk production company Polva Agro AS with 2,200 cattle and 2,300 ha of cultivated land and in September of 2008 the Issuer acquired Lithuanian agricultural company Grūduva UAB with 1,900 cattle and 4,000 ha of cultivated land.

At the end of 2008 the global economic crisis adversely affected activities and results of the Issuer – a decrease in grain prices resulted in net loss of LTL 16.4 million (c.a. EUR 4.8 million) in 2008. Due to the turmoil in commodity market and frozen credit markets the Issuer in June 2009 was unable to redeem LTL 27 million (c.a. EUR 7.8 million) bond issue. As of 20 May 2010, the Issuer entered into the restructuring process.

On 3 October 2009 Polva Agro AS was sold to Estonian investors.

In October of 2010 the restructuring plan of the Company was approved.

In June of 2011 the Company successfully completed a Secondary Public Offering (SPO) and listed its shares on the WSE (as well as listed the newly issued shares on Nasdaq Vilnius). During the SPO in total 13,268,732 shares were sold at LTL 1 (c.a. EUR 0.29) per share. Institutional investors subscribed for 13,000,000 shares (approximately 97.98% of the total offering).

In November of 2011 the Group increased the area of cultivated land by 15 per cent. During the 2012–2013 season, the Group cultivated about 22 thousand hectares of land, where continued to grow cereals and oilseed rape for external sale as well as fodder crops for Agrowill Group milk farms activities.

2014 – to date – AUGA: new era of sustainable organic food company

In April 2014, the major shareholder of the Company changed, i.e. Baltic Champs Group UAB acquired more than 50% of the Company's Shares. The transaction was executed as a merger, whereunder: (a) Baltic Champs Group UAB acquired about 5% of the Shares from one of the existing shareholders of the Company at that time, Vretola Holdings Ltd. and the remaining new Shares were subscribed and paid-up by Baltic Champs Group UAB contribution in kind – 100% of shares of Baltic Champs UAB; and (b) Vretola Holdings Ltd. acquired the remaining part of the newly issued Shares, which were paid up by contribution in kind – 100% of the shares of eTime invest UAB.

As part of the merger, later in 2014 the Company has also acquired from Kęstutis Juščius 100% of shares in two agricultural companies AGRO Ramučiai UAB (current name AUGA Ramučiai UAB) and Luganta UAB (current name AUGA Luganta UAB).

Change of the major shareholder commenced a new era as in 2015 the Group changed its strategy to become a company which provides sustainably grown organic food from field to table. At this stage, the Group began to invest EUR 15 million into new technology for organic fertilization, new technology for cultivation and weed control, loose cattle grazing, new equipment for vegetable growing and processing, and prototyping poultry farms.

By 2016, the Group moved into the second year of transition to organic farming, which also included the launch of organic packaged vegetables. In December 2016, Baltic Champs Group UAB acquired the remaining Shares held by other main shareholders of the Company at that time (including, among others, from Vretola Holdings Ltd., Volemer Holdings Limited, etc.). Shares from existing shareholders were also bought later in 2016 for up to EUR 0.63 per Share, the total price of all acquired Shares was EUR 42m.¹² As a result increasing its stake up to 88.13% in the authorised capital of the Company.

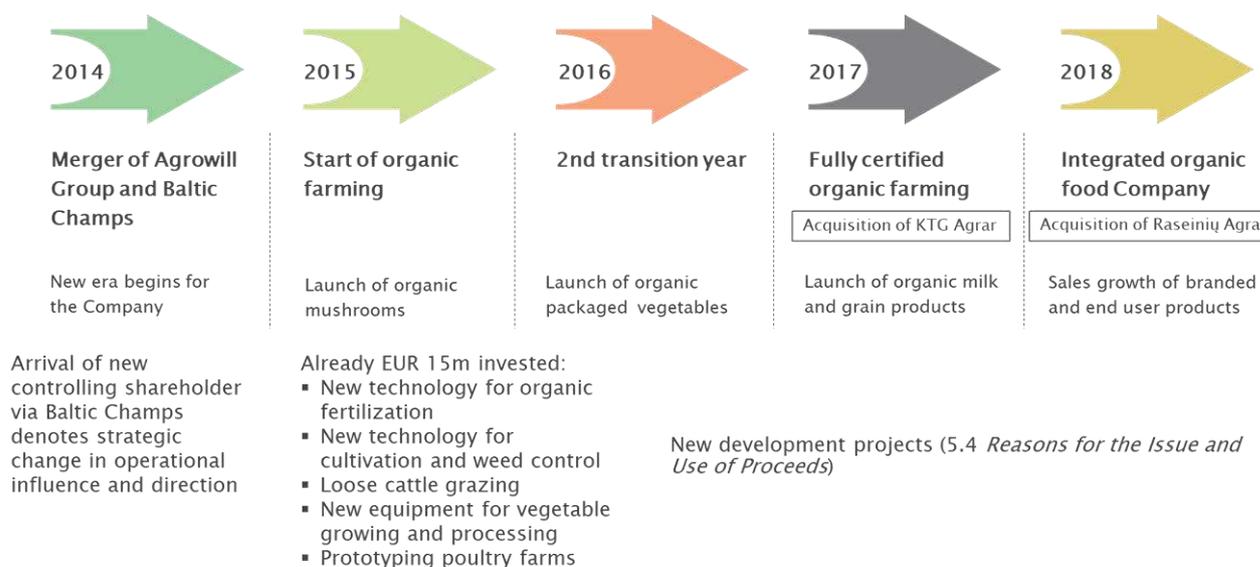
The Company's high-level Management has been gradually changed to be capable to adapt to the changing needs and values of the Company, implementing its new strategy.

By 2017, the Group became a fully certified organic farming and mushroom business, with the launch of organic milk and grain products (please see more in the Section 4.5 *Business Overview*). On 31 January 2017, the Group acquired KTG Agrar UAB.

In 2018, the Group is shifting to become an integrated organic food company and focus on the growth in sales of branded and private label end user products. On 26 February 2018 the Group acquired 100% shares of Raseinių agra UAB, which cultivates around 5,200 ha of agricultural land. It is also currently in transition to become organically certified next year.

¹² <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=751970&messageId=942771>

Transformation milestones of the Group



As of the date of this Prospectus the Group controlled 135 Subsidiaries: 67 Agricultural Companies and the remaining being responsible for land rent, management and other activities. Most of the agricultural companies were established in 1991–1993 and have been intensively modernized by the Group. The full list of Subsidiaries is provided in the Section 4.6 *Organisational Structure*.

4.4.2 Investments

Due to the Group's strategical shift to organic farming, investments in 2015-2017 were mainly focused on special machinery designed to organic farming, for instance, precision seeding, mechanical weed control, manure and organic fertilizers distribution, etc. In organic farming modern technologies and machinery is of great importance and could have significant impact on crop yields. Contrary to conventional farming, where most of the problems could be overcome by using chemicals, in organic farming seeding, weed control and fertilising is critical. These investments have already proved themselves as yields of the Group are well above organic average and keep increasing. Due to expansion of cultivated land area the Group plans to further invest in special machinery as well as other equipment in the coming years.

The table below provides investments (additions) by category for the financial years 2015–2017 and 3 months of 2017 and 2018.

Table 4: Additions of Property, plant and equipment by the Group (EUR'000)

Item	31 March 2018	31 March 2017	31 December 2017	31 December 2016	31 December 2015
	<i>unaudited</i>		<i>audited</i>		
Land	293	639	1,566	1,122	285
Buildings	143	110	733	149	1,254
Constructions and machinery	1259	463	6,432	4,848	3,742
Vehicles, equipment and other property, plant and equipment	252	25	1,254	1,203	655
Construction in progress	117	-	282	673	412
Total	2,064	992	10,267	7,995	6,348

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2016 the Group's additions to property, plant and equipment increased by 26% (EUR 1,647 thousand) year-to-year. Additions to constructions & machinery and land increased by EUR 1,106 thousand and EUR 837 thousand year-to-year, respectively. Additions to buildings

decreased by EUR 1,105 thousand year-to-year. In 2015 the Group invested heavily into buildings to increase animal welfare due to transfer to organic farming.

Respectively, total additions to property, plant and equipment increased by a further EUR 2,272 thousand in 2017 (by 38% compared to 2016) and totalled EUR 10,267 thousand. EUR 6,432 thousand represented additions in constructions & machinery and EUR 1,566 thousand represented additions in land in 2017. The investment for the year can be attributed to the need for increasing machinery for the shift towards becoming a fully certified organic farm. As to additions in land typically the Group only purchases land that its subsidiaries have already cultivated in the past under operational lease agreements.

Moreover, during 2017 there were additions to constructions and machinery, vehicles, equipment and other tangible assets as a result of the purchase of the KTG group companies. Part of increase in land was also acquired through purchase of the KTG group companies.

In the first 3 months of 2018 total additions were equal to EUR 2,064 thousand, the majority of which (EUR 1,259 thousand) relates to the addition of constructions and machinery. This is 2.7x more than the value invested in the first 3 months of 2017 and explains why the addition of property, plant and equipment more than doubled during the corresponding period in 2017 to 2018. The Group has also acquired assets (land, buildings, construction and machinery, vehicles and other assets) amounting to EUR 2,932 thousand with the acquisition of Raseiniq agra UAB.

The Group is concentrating on its existing business development, implementing a more deeply integrated closed loop organic farming model and moving towards end-consumer product development and production. The Management Board has approved a EUR 6 million capex budget for new precise farming machinery for 2018, which may be changed based on the decision of the same body, if deemed necessary. The Group as well is ready to consider interesting investment opportunities that would support the Group's strategy if such investment opportunities arise in the future. However, as of the date hereof the Group does not execute any investments and has no future investments on which its Management bodies have already made firm commitments other than stated above.

4.5 Business Overview

4.5.1 Principal Activities

The Group currently operates about 38 thousand ha of land, out of which 3,268 ha is owned. While the majority of revenue originates from mushrooms, crops and milk sales, the Group divides its operations into the following segments:

- 1. Dairy.** This activity together with mushroom growing is the most stable among all segments. Dairy segment is one of the two main activities of the Group. It includes milk processing and cattle raising, and generated between 17% to 18.5% of total Group's revenues during 2015-2017. Dairy segment activities are particularly important for the Group, as revenues received from it cover expenses for other sectors, while the main commercial crops – wheat, legumes, and rapeseeds – are being grown. As of 31 December 2017, the Group held 3,670 dairy cows and 2,949 heifers of all ages. Revenues from production of milk and cattle-meat in 2017 amounted to EUR 9,010 thousand. During the first 3 months of 2018, the segment generated revenues of EUR 2,292 thousand.
- 2. Crop-growing.** Crop growing includes growing of wheat, legumes, rapeseed, barley as well as other several agricultures, including grasses and corn for feed. Winter and summer wheat, legumes and rapeseeds are main revenue generators in this segment. Grain for cattle feed is grown from barley and triticale, while green feed is grown from corns and a variety of perennial grasses. In 2016, there were nearly 15 thousand ha planted and harvested with crops, the remaining area was planted with various feed cultures. This compares to 27 thousand ha cultivated and 6 thousand ha left fallow in

2017. In 2017 the Group's revenues from crop growing amounted to EUR 14,203 thousand, relative to EUR 6,825 thousand in 2016. While this segment generated 29.1% of the Group's revenues, it generated equivalent to 89% of the Group's gross profit in 2017. Due to further increase in cultivated land area in 2018 and later years this segment has highest growth potential compared to other segments. During the first 3 months of 2018, the segment generated revenues of EUR 2,944 thousand.

3. Mushroom growing. In 2017 sales of mushrooms generated EUR 25,479 thousand in revenues, compared to EUR 25,753 thousand in 2016. Over 12 thousand tonnes of fresh mushrooms were sold during this period. From 2015 to 2017 revenues of mushrooms growing segment have shown moderate growth – in 2015 the revenues increased by 6% while in 2016 it grew by 14% and during the year 2017 revenues decreased by 1% due to temporary production problems in the first quarter of 2017 which were successfully solved in the second quarter. In addition to the sale of mushrooms, the mushroom activities also include compost production. The compost is sold to other champignon cultivation companies in Lithuania, Poland and Russia. Sales of organic mushrooms contributed around 5% of the total Group's mushrooms sales for 2017, while the balance was conventional. The contribution from organic sales is expected to increase over time due to the availability of organic straw from the Group's own operations. During the first 3 months of 2018, the segment generated revenues of EUR 6,256 thousand.

4. Other segments. This includes various services related to agriculture, for instance, sale of harvesting, small scale of land rent, for instance, for telecommunications companies to place their equipment towers, as well as accounting and management services provided by the Group to Subsidiaries. In 2017 revenues from this segment amounted to EUR 92 thousand. In 2016 other segments revenue was EUR 18 thousand. In 2015 other segments revenue totalled EUR 1,208 thousand as significantly more land was leased to third parties than in later years. The Group has also founded new companies for investments in alternative energy, however as of the date of this Prospectus none of the investment projects had been started.

The main intersegment transactions are the following:

1. The crop growing segment prepares feed for cows (corn silage, hay, haylage) and sells to the dairy segment; dairy segment supplies the crop growing segment with manure (organic fertilizer);
2. Other segments provide agricultural and land rental services to the main segments;
3. Other segments provide grain drying and storage services, rent land and equipment for the crop growing segment.

In terms of external client concentration, in 2017, 13% of total revenues were received from ICA Sverige AB (mushrooms) (2016: 15.7%), 8.9% of total revenues were received from Vilkyškių Pieninė AB (milk) (2016: 13.3%) and 5.7% of total revenues were received from Scandagra UAB (grain trader). The 10 largest clients, in terms of turnover, generated c.a. 50% of the Group's total revenues.

The Group is export orientated with c.a. 80% of 2017 sales being generated from exports. In 2017, the main export markets of the Group were the following: Scandinavian and Baltic countries, Poland and Germany. In 2017 exports were commenced to Israel, the United Kingdom, the Netherlands, Japan and South Korea. The Group produces its own raw materials that it distributes three ways: (i) as organic commodities, (ii) for contract manufacturing and (iii) for own processing. The latter two are used to produce end-consumer products that are sold to supermarkets and retailers, wholesalers, and alternative channels. In 2017, the split between sales from commodities (55%) and end consumers (45%) was nearly equally balanced. The Group's end consumer products currently include fresh and preserved mushrooms, vegetables, beetroots, ready to eat soups, rapeseed oil, flour, pulses. This product range is due to expand in 2018 by including eggs, sugar, milk products, oat flakes and buckwheat.

In 2017, with respect to the geographic distribution of the Group's sales, 22% are exported directly to various customers in Sweden, while 49% of the total sales are exported to other countries. A further 17% of the total sales are exported through commodity traders in Lithuania and 22% of the sales are sold to the local market.

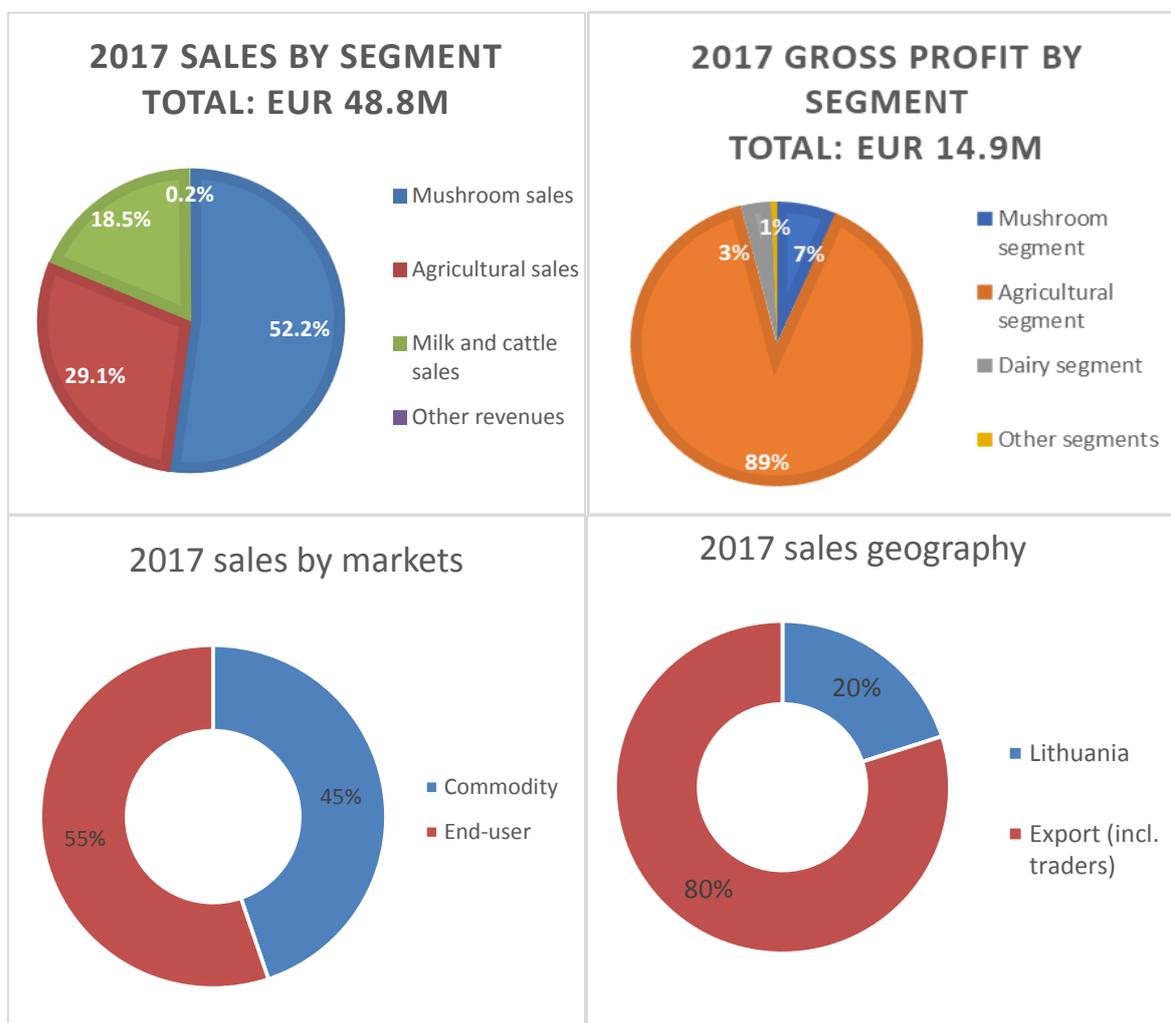


Table 5: Total revenue from external customers breakdown of the Group (EUR'000)

Item	3-months period ended 31 March 2018	3-months period ended 31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	<i>unaudited</i>		<i>audited</i>		
Dairy segment	2,292	2,287	9,010	7,034	8,044
Milk	1,984	2,073	8,205	6,223	6,379
Cattle meat	308	214	805	811	1,665
Crop growing	2,944	4,236	14,203	6,825	15,528
Mushroom growing	6,256	5,584	25,479	25,753	22,645
Other segments	-	-	92	18	1,208
Total revenues	11,492	12,107	48,784	39,630	47,425

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2017 the Group's revenues increased by 23% (EUR 9,154 thousand) year-to-year. Most of the increase is related to agricultural sales which increased by 108% (EUR 7,378 thousand). This occurred due to the transition to organic farming, as most of the sales of organic produce are quite evenly divided from the point of harvest until the next summer while conventional

produce is mostly sold right after the harvest (only 40% of 2016 harvest were sold in 2016, while 80% of 2015 harvest were sold in 2015 which caused lower sales per 12 months of 2016 compared to the same period in 2017).

In 2017 the Group's revenues in the dairy segment increased by 28% (EUR 1,976 thousand) year-on-year. The main reason for that was the 32% (EUR 1,982 thousand) increase in milk sales revenue what was caused by rise of market milk prices (comparing to 2016, the milk price received by the Company increased by 36% in 2017).

Year-on-year revenues from mushrooms stayed approximately at the same level in 2017. However, in the first three months of 2017 a mushroom farm suffered a loss due to temporary problems in production, but in the following nine months the production of mushrooms increased and reached the same level of turnover as in the previous year.

In the first quarter of 2018 revenues from the mushroom growing segment increased by 12%, as the first quarter of 2017 sales were negatively impacted by temporary problems in production. Revenues from the dairy segment in the first quarter of 2018 remained on the same level as in the same period last year, with the EUR 94 thousand increase in cattle meat compensating for the EUR 89 thousand decline in milk sales. The crop growing segment sales in the first quarter of 2018 were lower by 31% mainly due to a new agreement with clients to allow for longer periods for the delivery of the harvest compared to the previous period.

As of 1 June 2004, the Group became entitled to receive subsidies for agricultural land used in operations according to the European Commission directive "Regarding European agriculture direction and guarantee fund support to rural regions". The plantation declaration must be submitted by 15 June, and subsidies for the year are paid until 30 April of following year. The latest programme applicable to the direct subsidies up to and including 2020 was approved by Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 in which the rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 were established.

Various national level subsidies (for milk production, for cattle breeding, and others) are approved each year in line with the EU Commission Regulation. As the Group started organic production, it applied for organic subsidies according to Minister of Agricultural Order No 3D-286, dated 20 April 2015 regarding the Lithuanian agricultural policy for 2014-2020 branch "Organic agriculture" rules. The Group will be receiving organic direct subsidies for at least five years. Organic subsidies are applied for during the same crops declarations until 15 June each year (additionally checking the organic box), and the subsidies are being paid out by 30 June of the following year.

Statements regarding the competitive position of the Issuer

The Group manages a unique platform of agricultural assets which together with skilled employees, know-how and technologies applied form the basis for long term competitiveness of Auga group's business model.

The Group cultivates approx. 38 thousand hectares of high quality and fertile agricultural land¹³. Land plots are consolidated around the individual agricultural companies, which allow to use the modern and efficient agricultural technologies, achieve economies of scale and have efficient logistics and storage solutions.

Due to internal integration with dairy farming and mushroom growing, the possibility to obtain sufficient quantities of organic farming compliant fertilisers (manure), the application of innovative land cultivation technologies and tooling, the Group achieves superior crop yields, which are comparable or even higher than in organic farms in the most fertile areas of

¹³ Please See map Location of Main farms of the Group and land quality in Lithuania further in the Section *Location of Main farms of the Group and land quality in Lithuania*.

Germany or France. Due to various limiting factors this parity of yield with the best EU farms would not be possible to achieve in conventional farming. In combination with still lower labour costs and the economies of scale, this allows to gain significant cost advantage within the EU and global organic markets.

The Group gains efficiency of returns through leasing of land rather than low returns as an owner. 8.4% of land is owned and the rest is managed based on long term lease agreements. In 2016, average cost of asset (land) in Lithuania was 3,340 EUR/ha¹⁴, vs. 19,614 EUR/ha in Germany¹⁵, 9,100 EUR/ha in Poland¹⁶. In 2016, the cost of land rent per year was on avg. 124 EUR/ha for AUGA group (125 EUR/ha in 2017), vs. Germany average of 288 EUR/ha, Poland average of 209.9 EUR/ha. The Group rents the land from 2.7 thousand individuals and companies which allows to significantly reduce the risks of losing the land rent. Additionally, the Company has pre-emption rights to prolong the land lease or to purchase the rented land from the lessor.

The size of the Company and the ambitious vision of its shareholders allow to hire and retain experienced and skilled management and talent. The possibility to hire very professional organic agriculture specialists internationally allowed the Group to speed up the learning and knowledge accumulation process in its core agriculture activities and to have smooth transition from conventional to organic farming. It also allowed the Company to create from scratch its marketing and end consumer product development as well as sales department and to start and successfully manage various projects in other areas (poultry, biogas extraction, combined feed production etc.) where the Company have not had experience in the past, but which are strategically important for creation of the new business model.

The Group's ability to accumulate large volume of organic commodities, which often is a scarce resource in the fast-growing organic food markets, allows to utilise contract manufacturing model for various end consumer products with professional processors and to control the longer value chain from field to shelf.

The focus on organic farming only and strict internal control procedures almost eliminate the risks of organic product contamination. Full traceability of everything, from seed to pack, is controlled by one company which ensures the high quality of products and helps to gain trust from private label producers, retailers, as well as final consumers of branded AUGA products.

Wide range of products grown and produced allows the Company to offer a variety of final consumer products, such as a full range of flour, preserved products, ready to eat soups, vegetables, mushrooms, dairy products, etc. The Company also has flexibility to grow different varieties of grain/vegetables on a large scale according to the market trends and needs. All these factors make the Group an attractive supplier for various large international private label producers (major Retail chains) seeking reliable supply of a wide range of organic food products.

4.5.2 Principal Markets

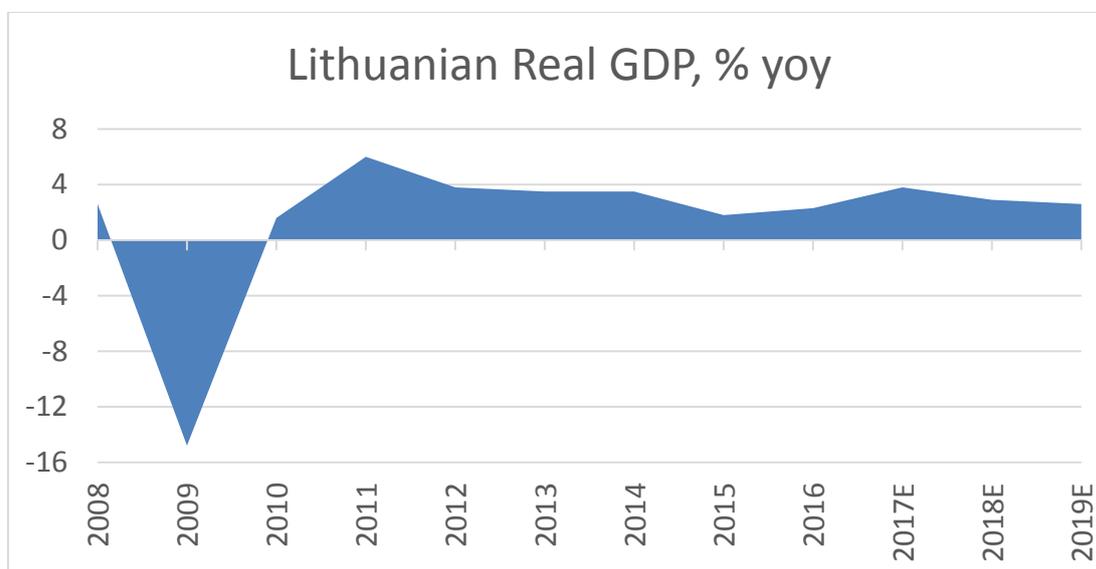
The following information includes extracts from and references to information, statistical data and studies publicly released by officials or by third parties. The following information has been extracted from public or other sources the Company believes to be reliable. The Company accepts responsibility for extracting and reproducing accurately such information, statistical data and studies. Such information, statistical data and studies may be approximations or rounded numbers. As far as the Company is aware, no facts have been omitted that would render such information, statistical data and studies misleading, but the Company accepts no further responsibility in respect of such information, statistical data and studies.

¹⁴ <http://archyvas.vic.lt/?mid=151&id=26395>.

¹⁵ https://www.destatis.de/DE/Publikationen/StatistischesJahrbuch/LandForstwirtschaft.pdf?__blob=publicationFile.

¹⁶ <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>.

Despite the Group being export orientated, it is a Lithuanian based business that is sensitive to the general Lithuanian macroeconomic environment. Of the three Baltic States, Lithuania's efforts to diversify its trade away from Russia has done the most to mute the impact of the Russian embargo in long run. The country has sustained GDP growth for 2017 at an estimated 3.6%, up from 2.3% in 2016 (2018E: 2.8%; 2019E: 2.6%). This rate is consistently faster than the EU average. As with its Baltic neighbours, wages are rising as well as employment levels, supporting private consumption and forming the basis of the sustained improvement in GDP.



Source: *Statistics Lithuania* <https://osp.stat.gov.lt/statistiniu-rodikliu-analize?indicator=S7R211#/>

In Lithuania, agriculture in particular remains a key segment contributing consistently to over 3.0% of gross GDP (2016 EU28 average = 1.3%).

(current prices)	2013	2014	2015	2016
Lithuania				
- Total gross value added, EURm	31,690	33,068	33,709	34,789
- Agriculture, forestry and fishing gross value added, EURm	1,251	1,252	1,288	1,155
- % gross value added	3.9	3.8	3.8	3.3
- % gross GDP	3.6	3.4	3.4	3.0
28 EU member states				
- Total gross value added, EURm	12,158,356	12,571,778	13,241,913	13,331,932
- Agriculture, forestry and fishing gross value added, EURm	208,695	204,796	204,311	200,551
- % gross value added	1.7	1.6	1.5	1.5
- % gross GDP	1.5	1.5	1.4	1.3

Source: *Eurostat* http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=naida_10_a10&lang=en

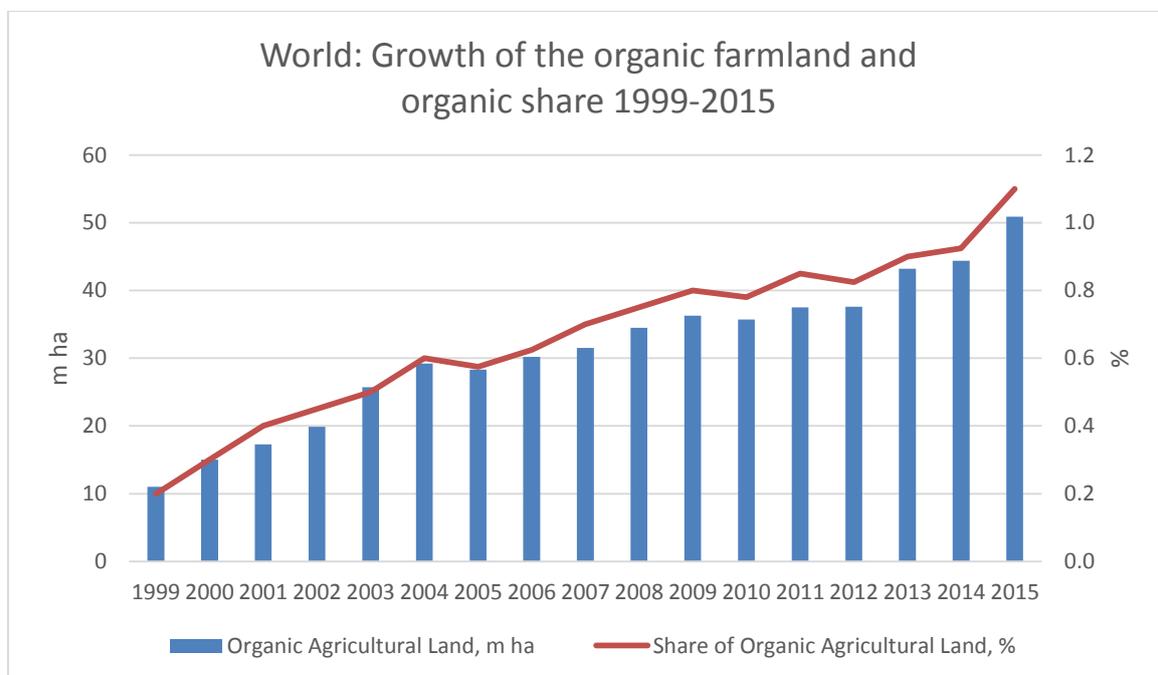
The Group operates primarily in the market of organic agriculture. The growing awareness of the potential benefits of organic food combined with the increasing appreciation of environmental sustainability has led many consumers to turn to organic produce, resulting in an increase in the industry.

Organic food is now considered to be a global consumer trend, with food quality being seen as the second most important contributor to health, second only to physical activity. Based

on a study by McCANN TRUTHS¹⁷, 80% of survey respondents believe they can improve their life by choosing healthier food. Likewise, 75% of survey respondents believe that food nowadays is not natural and not organic. The study also shows that 62% of survey respondents would agree to banning the use of any pesticides and chemical fertilizers, and 75% agree that it is more important how the product was produced than who sells it.

This is only further reinforced by the Nielsen Global Health and Wellness Survey 2014, which shows that the Generation Z and Millennials are particularly important target markets. 30-33% of the survey respondents in these age groups believe the health attributes of organic foods are very important and 29-31% are very willing to pay more for organic food. While the willingness to pay a premium for organic food decreases with age (Generation X: 26%, Baby Boomers: 23%, Silent Generation: 15%), the belief that the health benefits are very important is consistently high across most generations (Generation X: 32%, Baby Boomers: 32%, Silent Generation: 24%).

According to FiBL¹⁸, farmers have responded to the increase in consumer demand by converting more farmland into organic farms. In addition to the incentive of growing demand, there is the added incentive of organic farming subsidies and price premiums for organically produced foods. The result of this has been that already in 2015, European organic farmland area increased by 8.2% year-to-year to 12.7 m ha.



Source: FiBL <https://www.slideshare.net/francoisstepman/organic-agriculture-worldwide-2017current-statistics>

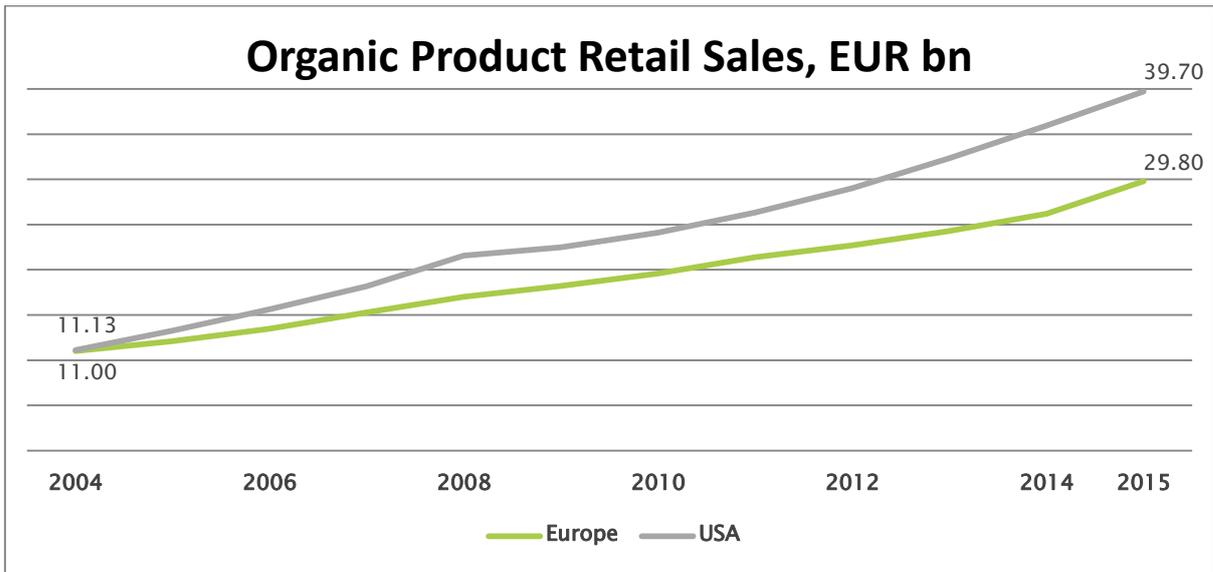
According to the most recent report by International Federation of Organic Agriculture Movements (IFOAM Organics International), in 2016 globally there were 57.8m ha of agricultural farmland, an annual increase of 7.5%, across 178 countries. Australia is the country with the largest organic agricultural area (27.2m ha), followed by Argentina (3.0m ha), and China (2.3m ha). There were 2.7m organic producers, with the majority (835,200) operating in India, followed by Uganda (210,352) and Mexico (210,000).

IFOAM Organics International explained that, according to Ecovia Intelligence, the global market value for organic food exceeded EUR 70bn. The leading markets included the United States (EUR 38.9bn), Germany (EUR 10.0bn), France (EUR 6.7bn) and China (EUR 5.9bn).

¹⁷ THE TRUTH ABOUT FOOD&WELLNESS. McCANN TRUTHS 2015. US, Canada, UK, Germany, France, Italy, Spain, Sweden, Holland, Croatia, Lithuania.

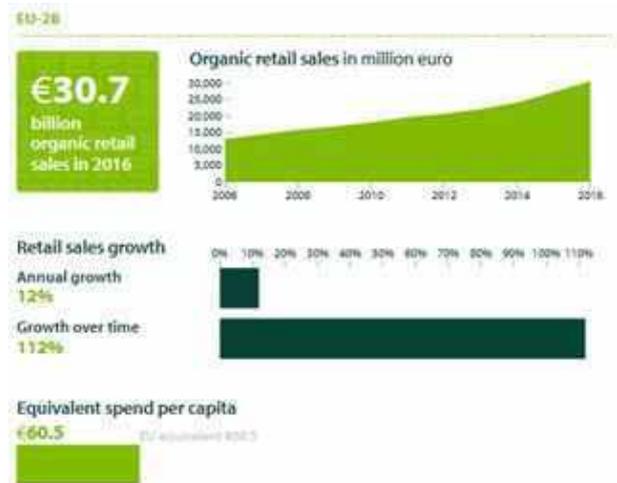
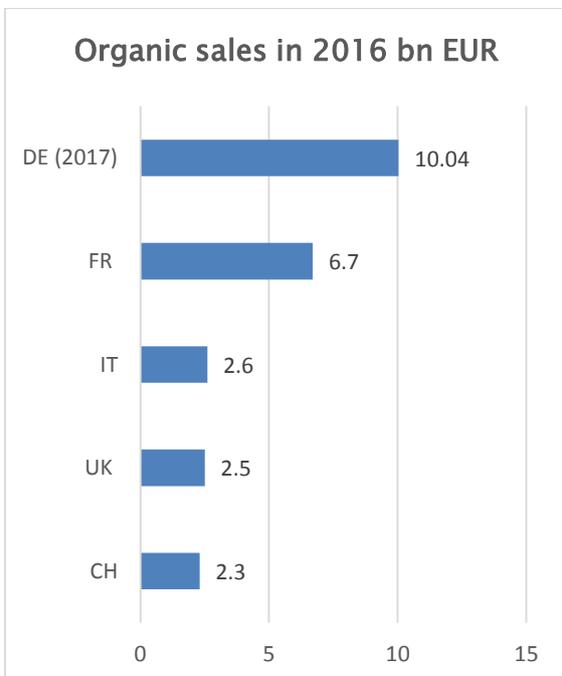
¹⁸ <https://shop.fibl.org/CHen/mwdownloads/download/link/id/785/?ref=1>.

Europe’s total organic retail value reached EUR 33.5bn during 2016. The European countries with the largest markets for organic food are Germany (EUR 10.0bn), France (EUR 6.7bn), Italy (EUR 2.6bn) and the UK (EUR 2.5bn).



Sources: <https://shop.fibl.org/fileadmin/documents/shop/3503-organic-world-2017.pdf>; https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-usd.en.html

During 2016, most of the major markets continued to show double-digit annual organic retail value growth rates (including France, which grew by 22%), while the highest per capita spending was in Switzerland (EUR 274), Denmark boasted the highest organic market share, with 9.7% of the total food market. Other strong markets in terms of organic share of the food market include Luxembourg, Switzerland, Sweden and Austria.



Sources: IFOAM Organics International <http://orgprints.org/32712/19/Willer-Lernoud-2018-European-Statistics-2018-02-14.pdf>, <http://www.ifoam-eu.org/en/organic-europe>

According to the European Commission report¹⁹, organic has become a lifestyle, with people seeing organic food products as being tastier or healthier than those coming from conventional agriculture. Other people favour organic food due to the good practices towards the environment or the labour force employed on organic farms.

The report indicates that the organic sector in the EU has been developing rapidly during the past years. During the last decade, the organic area in the EU increased by about 0.5m ha. Most of the organic land (78%) and of organic farms (81%) are situated in the EU Member States having joined the EU before 2004. These countries had the advantage of implemented national and European policies, which helped stimulate the development of this sector. That said, the European countries that have joined the EU since 2004 are not lagging behind and are quickly expanding the organic sector as well. Additionally, organic holdings tend to be bigger than conventional farms in the European Union, and organic farm managers tend to be generally younger than the average conventional farmers in Europe.

Organic farms are active both in the arable crop and orchard as well as animal sectors. The report indicates that at EU level both types of production are registering a positive trend for the studied years. Data shows that permanent pasture represents the biggest share of the organic area (58%), followed by cereals (20%) and permanent crops (15%). Sheep (42%) and cattle (34%) are the most important types of organic animal production at European level, after poultry. However, other types of animal production should be mentioned in the EU-28, such as pigs, which registered 9%, and goats, which were at 7% of organic livestock in the European Union in 2015.

According to Eurostat and FiBL²⁰, within Europe during 2016, there were 13.5m ha of organic farmland (2015: 12.6m ha), with half of this area located in Spain, Italy, France and Germany. This is a significant 73% increase as compared to 2007. This means that 2.7% of Europe's farmland is organic (EU: 6.7%), with currently nine countries having 10% or more of their agricultural land under organic management.

Organic Arable Land and Land Under Wheat and Spelt Crops in the EU vs Lithuania

	2012	2013	2014	2015	2016
EU					
Arable land, ha	n.a.	4,330,03	4,411,37	4,751,73	5,250,78
Wheat and spelt land, ha	n.a.	4	6	9	9
Lithuania					
Arable land, ha	109,84	112,506	110,770	143,445	144,484
Wheat and spelt land, ha	14,008	14,091	13,792	30,440	35,700

Source: Eurostat

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=org_cropar&lang=en

Eurostat indicated that the EU-28 average share of agricultural land that is organic is 6.7%, with 45.1% of the 12.1m ha of organic land being under grassland, 43.5% arable crops, 10.8% permanent crops and 0.5% other. Considering the Group's location of operations, it is equally important to reflect on the position in Lithuania. In 2016, Lithuania had 2,539 producers farming 222,000 ha of organic farmland, including 32.0% under grassland, 65.2%

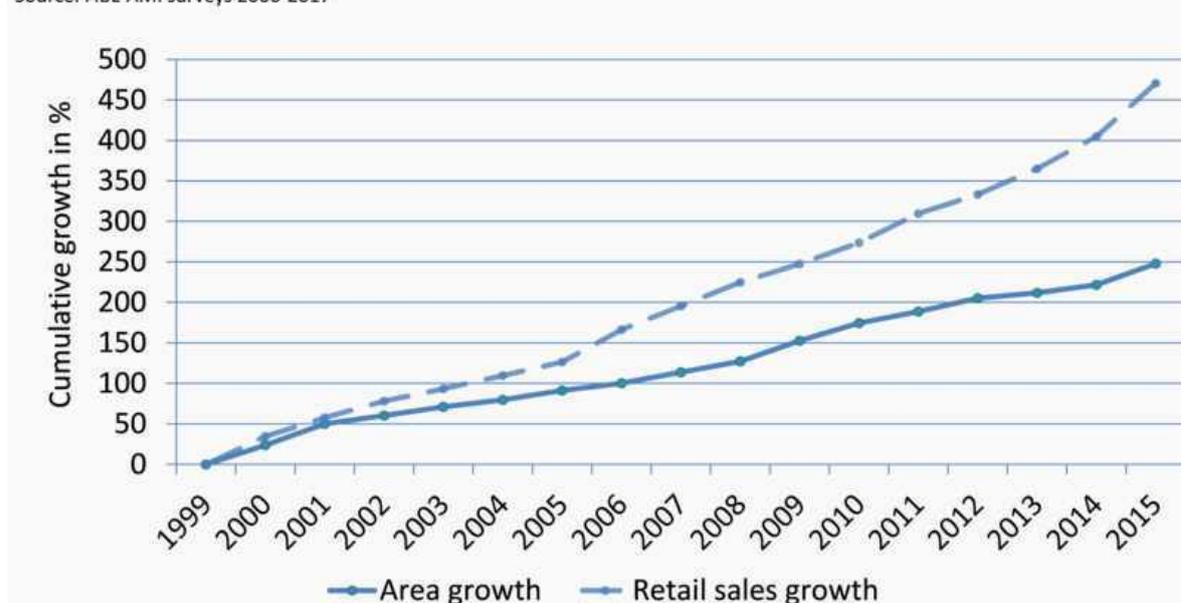
¹⁹ http://ec.europa.eu/agriculture/rica/pdf/Organic_2016_web_new.pdf.

²⁰ <http://ec.europa.eu/eurostat/documents/3217494/8538823/KS-FK-17-001-EN-N.pdf/c7957b31-be5c-4260-8f61-988b9c7f2316>, http://ec.europa.eu/agriculture/rica/pdf/Organic_2016_web_new.pdf, <http://www.fibl.org/en/media/media-archive/media-archive18/media-release18/article/bio-in-europa-legt-weiter-zu-biomarkt-waechst-zweistellig-bioflaeche-steigt-auf-fast-14-millionen-h.html>.

of arable crops and 2.8% of permanent crops. This implies that 7.6% of its agricultural land is classified as organic, which is ahead of the 6.7% EU-28 average²¹.

Europe: Cumulative growth of organic area and retail sales 1999-2015 compared

Source: FIBL-AMI surveys 2006-2017



Sources: <http://www.ifoam-eu.org/en/organic-europe/>; <https://www.organic-europe.net>

According to Eurostat, as quoted in the European Commission report²², permanent grassland represented 45.1% of the EU-28 total organic crop area in 2016. Organic production area is divided into three main crop types: arable land crops (mainly cereals, fresh vegetables, green fodder and industrial crops), permanent grassland (pastures and meadows), and permanent crops (fruit trees and berries, olive groves and vineyards). Pasture and meadows (mostly used for grazing organic livestock) exceeded 5m ha, which represented 45.1% of the EU-28 total organic crop area. Arable crops followed closely with 44.0%, while permanent crops made up the smallest share (10.9%).

In most EU Member States, permanent crops accounted for the lowest share of these three main crop categories in the organic area. In 2016, organic permanent crops accounted for between 10% and 20% in Croatia, Greece and Portugal, while in Bulgaria, Spain and Italy the share was over 20%. Cyprus and Malta had the highest shares, with 46.1% and 62.5% respectively. Olive trees dominated in these two countries.

In terms of organic livestock, bovines and sheep remained the most popular species. The 2016 figures for organic livestock as a share of all livestock showed that, with respect to bovines, pigs and sheep, in some EU Member States large shares of animals were reared using organic methods.

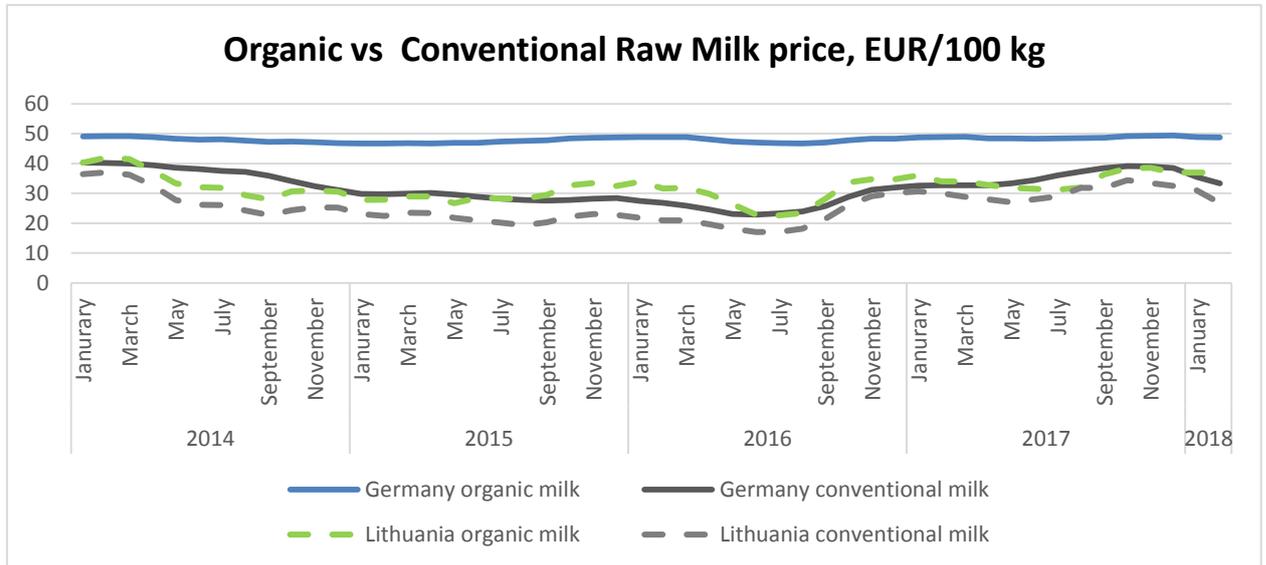
Latvia was in the lead regarding organic bovines, with 22% of the total bovine population reared organically. In total eight EU Member States had over 10% of organic bovines, with Sweden third after the previously mentioned Latvia and Austria. For most EU Member States, organically reared pigs accounted for only a small share of the total pig population.

²¹ <http://ec.europa.eu/eurostat/documents/3217494/8538823/KS-FK-17-001-EN-N.pdf/c7957b31-be5c-4260-8f61-988b9c7f2316>.

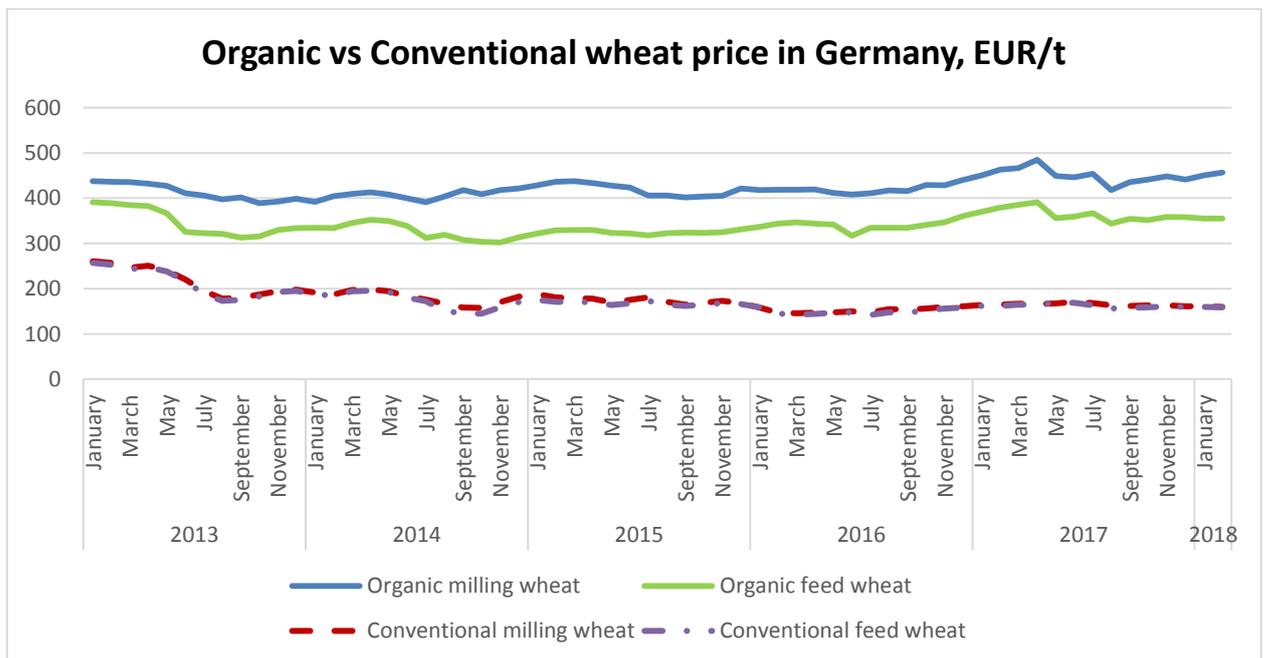
²² Sourced from the following Eurostat tables:

- (i) Organic crop area by agricultural production methods and crops: Table org_cropar_h1 (former food_in_porg1) for data until 2011 and table org_cropar for data from 2012 onwards
- (ii) Organic livestock of animals: Table org_lstspec_h (former food_in_porg3) for data until 2011 and table org_lstspec for data from 2012 onwards
- (iii) Data on organic area: Table ef_mporganic still remain the same

Organic food prices have remained relatively stable as compared to conventional prices both for crops and milk prices. Organic prices also tend to have a significant premium relative to conventional food product prices, that add an incentive to investing into and being engaged in the organic food market. It additionally indicates the willingness of consumers to pay extra to purchase what is perceived to be healthier food and thus lifestyles, and is supported by the fact that there is an excess demand that exceeds current production.

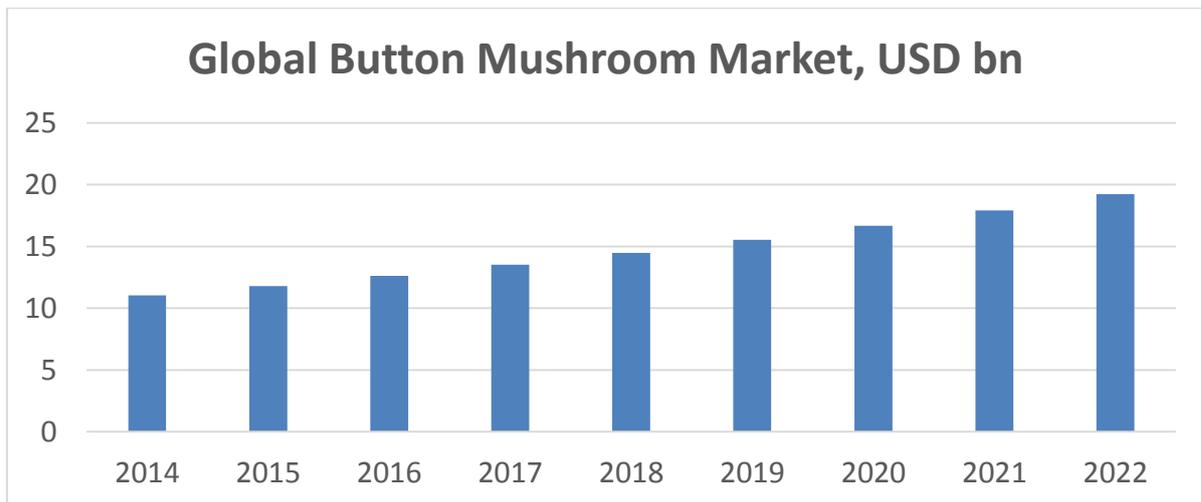


Sources: www.ami-informiert.de, <http://www.stat.gov.lt/>



Sources: www.ami-informiert.de, <http://www.stat.gov.lt/>

For the Group the champignon sector remains a relevant market. This particular sector has undergone strong growth with the 2015 value reaching USD 35bn globally. This is expected to expand to USD 60bn, an increase of 9.2%, between 2016-2021. The largest champignon demand growth is expected to continue from Asia, especially China, Japan and India. This growth in demand has been driven by the growing focus on healthy and organic foods. Cumulatively, though, Europe is the largest market for cultivated mushrooms, accounting for more than 35% of the global market.



Source: Zion Market Research <https://www.zionmarketresearch.com/news/button-mushroom-market>

According to the Zion Market Research referenced in the chart above, within the global market, fresh mushrooms in 2016 dominated the market with a 63.2% share of total global button mushroom market. Europe represented the largest producing and processing region, and concurrently consumed 37.9% of the market. However, the processed champignon segment is expected to witness the fastest growth in the coming years.

According to Fresh Plaza²³, the market for mushrooms is expected to grow by 9.2% between 2016 and 2021, taking the size to c.a. USD 60bn in 2021. The largest growth is expected to come from Asia, with large consumption in China, Japan and India. Europe, though, is the largest market for cultivated mushrooms, accounting for more than 35% of the global market. Demand is on the rise in North America, while South America is also experiencing significant growth. Comparatively, Africa and the Middle East recorded a reasonable growth.

Brexit has affected the price and profitability of mushrooms imported into the UK. Despite the situation of Brexit, the UK is an interesting market for Polish exporters due to its high consumption. Demand from the UK is high all year round, with peaks in September and November, just before the holidays. Most of the mushrooms supplied to the British market are still the white and chestnut mushrooms.

According to the German trade association, in 2016 the country expected a good season with a record production. For the first time, the total volume will exceed 70,000 tonnes, which is an increase of 3,000 tonnes compared to 2015. Of this, 63,000 tonnes were planned for the fresh market. The demand for mushrooms in Germany has remained stable for 10 years – with the low prices for the white mushrooms and the good year-round availability, the growth of exotic mushrooms has no impact on this market.

The Belgian mushroom sector has strongly consolidated in recent years, with the number of active growers significantly reducing over the past decade. In Belgium, there are almost no middlemen in the mushroom sector, while in the Netherlands there are still some, meaning that most Belgian growers are thus also traders. The main competitor for the market originates out of Poland. Previously, competition was about price, but now there is more attention to quality.

The UK market is good for mushroom sales with white mushrooms remaining popular, and chestnut mushrooms gaining momentum. Due to the falling value of the British currency, though, there is a lot of pressure on the market, but that pressure does not seem to have hit the mushroom market very hard. The growth in mushroom demand has been supported by the increased attention given on TV programmes.

²³ <http://www.freshplaza.com/article/165878/OVERVIEW-GLOBAL-MARKET-MUSHROOMS>.

The demand for mushrooms increases in winter, but in general there is stable demand all year round. Towards the Christmas season, there is a growing demand for exotic varieties. For the white mushrooms, there is competition from Eastern Europe.

Harvested production of cultivated mushroom in EU standard humidity

(1,000 t)	2015	2016	2017
European Union	1,179.7	1,169.8	
Belgium	28.0	28.0	
Bulgaria	2.5	1.5	
Denmark	3.9	3.9	
Germany	62.6	72.1	
Ireland	72.2	70.0	
Greece	2.7	2.4	
Spain	218.8	148.0	159.0
France	107.4	99.5	
Italy		68.4	
Cyprus	0.7	0.7	
Lithuania	13.8	16.4	13.8
Luxembourg	0.0	0.0	
Hungary	28.6	29.0	
Malta	2.0	1.7	0.0
Netherlands	310.0	300.0	
Poland	191.5	202.8	
Portugal	10.8	8.6	8.6
Romania	11.0	14.5	
Finland	1.3	1.4	1.3
Sweden	0.8	1.0	
United Kingdom	103.2	100.0	
Iceland	0.6	0.6	
Switzerland	7.3	7.3	0.0

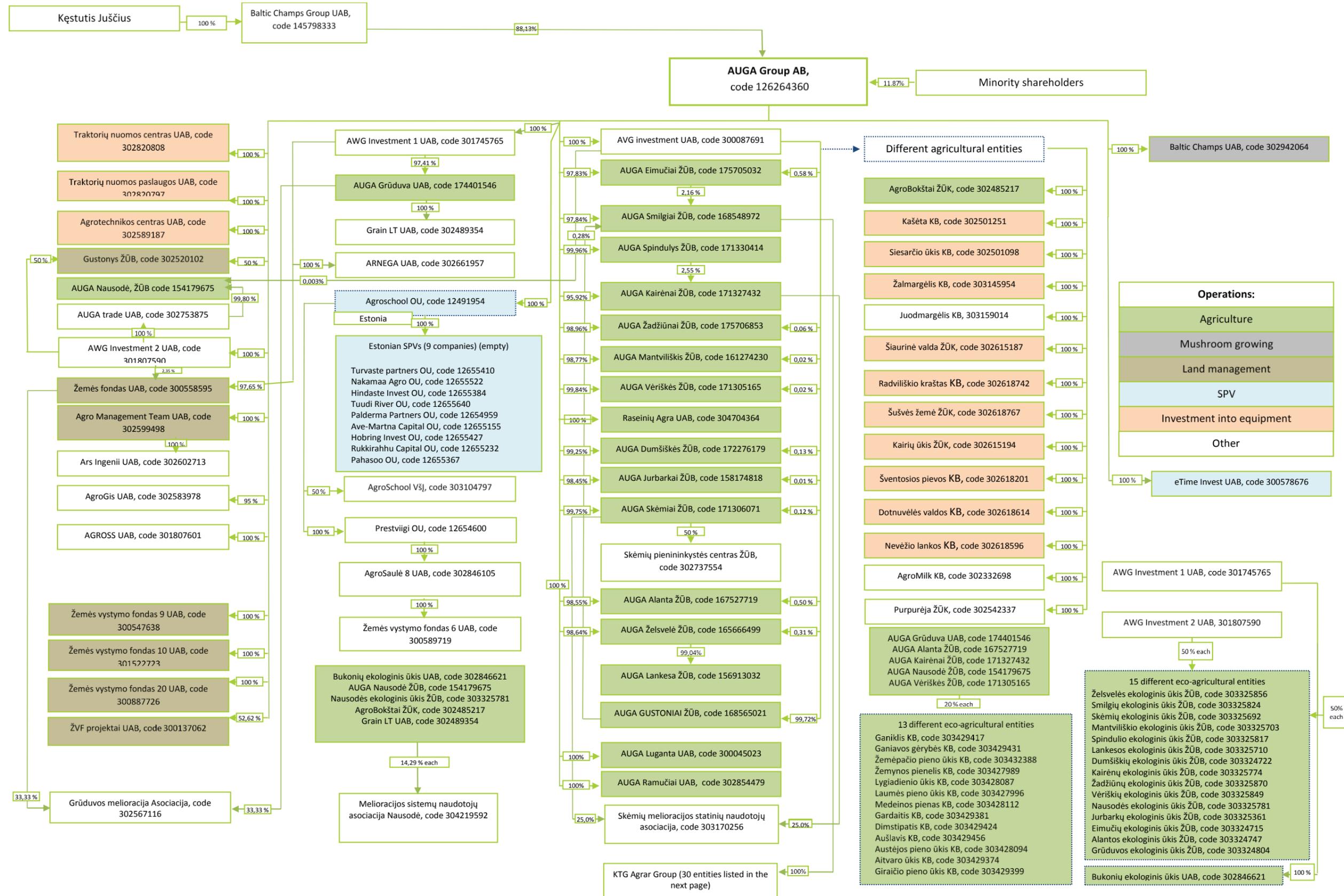
Source: <http://ec.europa.eu/eurostat/web/products-datase>

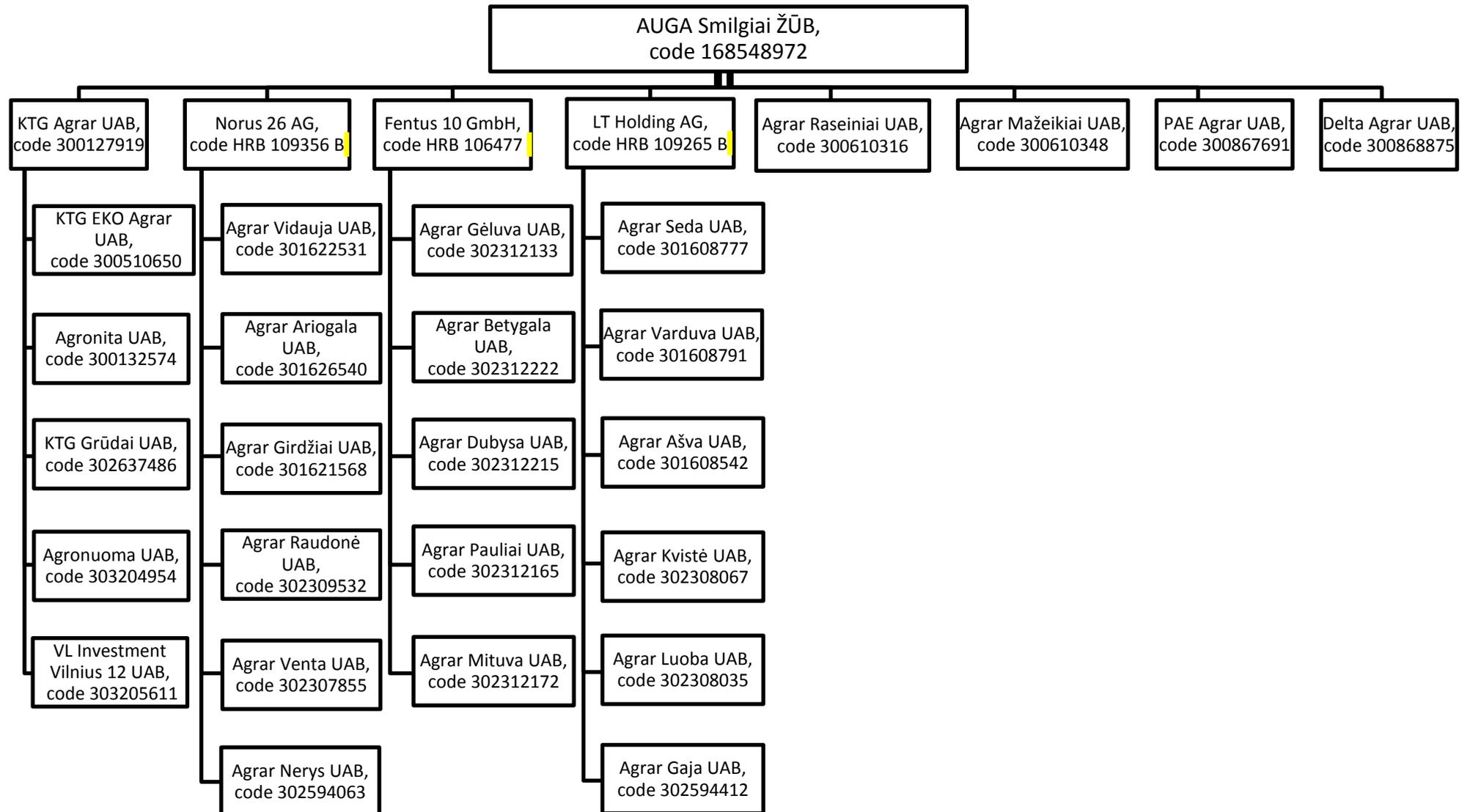
Based on Eurostat figures, in 2016 a total of 1,169.8 thousand tonnes of cultivated mushrooms were harvested in the EU, with the Netherlands, Poland and Spain being the leading production countries. Lithuania is still a relatively small producer, with 13.8-16.4 thousand tonnes being produced per annum between 2015 and 2017.

4.6 Organizational Structure

Graphical structure of the Issuer is provided in the scheme below.

Scheme 1: Subsidiaries controlled by the Issuer as of the date of this Prospectus





The Issuer is controlled by its Major Shareholder Baltic Champs Group UAB, which currently holds 165,167,939 Shares and votes carried thereby in the General Meeting (i.e. 88.13% of all the Shares and votes).

As of the date of this Prospectus the Group controlled 135 Subsidiaries: 67 agricultural companies and the remaining being responsible for land acquisition, rent, management and other activities. The detailed list of Subsidiaries is provided in the table below.

Table 6: Subsidiaries controlled by the Issuer as of the date of this Prospectus

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
Baltic Champs UAB	Lithuania	100.00	Agricultural operations
AVG Investment UAB	Lithuania	100.00	Management company
AWG Investment 1 UAB	Lithuania	100.00	Management company
AWG Investment 2 UAB	Lithuania	100.00	Management company
Agross UAB	Lithuania	100.00	Trade and logistics
Grain Lt UAB	Lithuania	97.41	Trade and logistics
Ars Ingenii UAB	Lithuania	100.00	Trade and logistics
AgroGis UAB	Lithuania	95.00	IT system development
Agro Management Team UAB	Lithuania	100.00	Land management company
Agrotechnikos centras UAB	Lithuania	100.00	Lease of machinery
AUGA trade, UAB	Lithuania	100.00	Trade activities
Agricultural entity Žemės fondas	Lithuania	100.00	Rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100.00	Land purchase and rent
Žemės vystymo fondas 9 UAB	Lithuania	100.00	Land purchase and rent
Žemės vystymo fondas 10 UAB	Lithuania	100.00	Land purchase and rent
Žemės vystymo fondas 20 UAB	Lithuania	100.00	Land purchase and rent
AUGA Grūduva UAB	Lithuania	97.41	Agricultural operations
Raseinių agra UAB	Lithuania	100.00	Agricultural operations
Agricultural entity AUGA Spindulys	Lithuania	99.96	Agricultural operations
Agricultural entity AUGA Smilgiai	Lithuania	100.00	Agricultural operations
Agricultural entity AUGA Skėmiai	Lithuania	99.87	Agricultural operations
Agricultural entity AUGA Nausodė	Lithuania	99.80	Agricultural operations
Agricultural entity AUGA Dumšiškės	Lithuania	99.38	Agricultural operations
Agricultural entity AUGA Žadžiūnai	Lithuania	99.02	Agricultural operations
Agricultural entity AUGA Mantviliškis	Lithuania	98.79	Agricultural operations
Agricultural entity AUGA Alanta	Lithuania	98.55	Agricultural operations

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
Agricultural entity AUGA Eimučiai	Lithuania	98.41	Agricultural operations
Agricultural entity AUGA Vėriškės	Lithuania	99.86	Agricultural operations
Agricultural entity AUGA Želsvelė	Lithuania	98.95	Agricultural operations
Agricultural entity AUGA Lankesa	Lithuania	98.36	Agricultural operations
Agricultural entity AUGA Kairėnai	Lithuania	98.47	Agricultural operations
Agricultural entity AUGA Jurbarkai	Lithuania	98.46	Agricultural operations
Agricultural entity AUGA Gustoniai	Lithuania	99.72	Agricultural operations
Cooperative entity Siesarčio ūkis	Lithuania	99.44	Agricultural services
Cooperative entity Kašėta	Lithuania	99.44	Agricultural services
Agricultural entity Gustonys	Lithuania	100.00	Rent of land
Agricultural entity Skėmių pienininkystės centras	Lithuania	48.67	Agricultural services
Cooperative entity Agrobokštai	Lithuania	97.94	Agricultural services
Cooperative entity Dotnuvėlės valdos	Lithuania	99.22	Agricultural services
Cooperative entity Nevėžio lankos	Lithuania	96.51	Agricultural services
Cooperative entity Radviliškio kraštas	Lithuania	98.67	Agricultural services
Cooperative entity Šventosios pievos	Lithuania	96.36	Agricultural services
Cooperative entity Kairių ūkis	Lithuania	98.68	Agricultural services
Cooperative entity Šiaurinė valda	Lithuania	96.15	Agricultural services
Cooperative entity Šušvės žemė	Lithuania	98.43	Agricultural services
Cooperative entity Žalmargėlis	Lithuania	98.32	Agricultural services
Cooperative entity Juodmargėlis	Lithuania	99.35	Agricultural services
Cooperative entity Agromilk	Lithuania	96.28	Agricultural services
Cooperative entity Purpurėja	Lithuania	99.53	Agricultural services
Bukonių ekologinis ūkis UAB	Lithuania	100.00	Management of subsidiaries
Agrosaulė 8 UAB	Lithuania	100.00	Management company
Biržai distr., Rinkušiai reclamation	Lithuania	48.67	Agricultural services

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
infrastructure users association			
Pasvalys distr., Pušalotas reclamation infrastructure users association	Lithuania	48.67	Agricultural services
Skėmiai reclamation infrastructure users association	Lithuania	48.67	Agricultural services
Vaitiekūnai reclamation infrastructure users association	Lithuania	48.67	Agricultural services
Association Grūduvos melioracija	Lithuania	65.81	Agricultural services
Pauliai reclamation infrastructure users association	Lithuania	100.00	Agricultural services
Nausode reclamation infrastructure users association	Lithuania	70.74	Agricultural services
Traktorių nuomos centras UAB	Lithuania	100.00	Agricultural services
Traktorių nuomos paslaugos UAB	Lithuania	100.00	Agricultural services
Arnega UAB	Lithuania	100.00	Agricultural services
AgroSchool OU	Estonia	100.00	Management of subsidiaries
Public institution AgroSchool	Lithuania	50.00	Human resource management
AUGA Ramučiai UAB	Lithuania	100.00	Agricultural operations
AUGA Luganta UAB	Lithuania	100.00	Agricultural operations
eTime invest UAB	Lithuania	100.00	Management of subsidiaries
ŽVF Projektai UAB	Lithuania	52.62	Acquisitions and rent of land
Agricultural entity Alantos ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Dumšiškių ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Eimučių ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Grūduvos ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Jurbarkų ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Kairėnų ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Lankesos ekologinis ūkis	Lithuania	100.00	Agricultural operations

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
Agricultural entity Mantviliškio ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Nausodės ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Skėmių ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Smilgių ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Spindulio ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Vėriškių ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Žadžiūnų ekologinis ūkis	Lithuania	100.00	Agricultural operations
Agricultural entity Želsvelės ekologinis ūkis	Lithuania	100.00	Agricultural operations
Prestviigi OU	Estonia	100.00	Management of subsidiaries
Turvaste partners OU	Estonia	100.00	Management of subsidiaries
Nakamaa Agro OU	Estonia	100.00	Management of subsidiaries
Hindaste Invest OU	Estonia	100.00	Management of subsidiaries
Tuudi River OU	Estonia	100.00	Management of subsidiaries
Palderma Partners OU	Estonia	100.00	Management of subsidiaries
Ave-Martna Capital OU	Estonia	100.00	Management of subsidiaries
Hobring Invest OU	Estonia	100.00	Management of subsidiaries
Rukkirahhu Capital OU	Estonia	100.00	Management of subsidiaries
Pahasoo OU	Estonia	100.00	Management of subsidiaries
Cooperative entity Ganiklis	Lithuania	98.09	Agricultural operations
Cooperative entity Ganiavos gėrybės	Lithuania	98.09	Agricultural operations
Cooperative entity Žemėpačio pieno ūkis	Lithuania	98.09	Agricultural operations
Cooperative entity Žemynos pienelis	Lithuania	98.09	Agricultural operations
Cooperative entity Lygiadienio ūkis	Lithuania	98.09	Agricultural operations
Cooperative entity Laumės pieno ūkis	Lithuania	98.09	Agricultural operations

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
Cooperative entity Medeinios pienas	Lithuania	98.09	Agricultural operations
Cooperative entity Gardaitis	Lithuania	98.09	Agricultural operations
Cooperative entity Dimstipatis	Lithuania	98.09	Agricultural operations
Cooperative entity Aušlavis	Lithuania	98.09	Agricultural operations
Cooperative entity Austėjos pieno ūkis	Lithuania	98.09	Agricultural operations
Cooperative entity Aitvaro ūkis	Lithuania	98.09	Agricultural operations
Cooperative entity Giraičio pieno ūkis	Lithuania	98.09	Agricultural operations
Fentus 10 Gm	Germany	100.00	Management of subsidiaries
Norus 26 AG	Germany	100.00	Management of subsidiaries
LT Holding AG	Germany	100.00	Management of subsidiaries
KTG Agrar UAB	Lithuania	100.00	Agricultural operations
Agrar Raseiniai UAB	Lithuania	100.00	Agricultural operations
Agrar Mažeikiai UAB	Lithuania	100.00	Agricultural operations
PAE Agrar UAB	Lithuania	100.00	Agricultural operations
Delta Agrar UAB	Lithuania	100.00	Agricultural operations
KTG Grūdai UAB	Lithuania	100.00	Agricultural operations
KTG Eko Agrar UAB	Lithuania	100.00	Agricultural operations
Agronita UAB	Lithuania	100.00	Agricultural operations
Agronuoma UAB	Lithuania	100.00	Agricultural operations
VL Investment Vilnius 12 UAB	Lithuania	100.00	Agricultural operations
Agrar Ašva UAB	Lithuania	100.00	Agricultural operations
Agrar Varduva UAB	Lithuania	100.00	Agricultural operations
Agrar Seda UAB	Lithuania	100.00	Agricultural operations
Agrar Kvistė UAB	Lithuania	100.00	Agricultural operations
Agrar Luoba UAB	Lithuania	100.00	Agricultural operations
Agrar Gaja UAB	Lithuania	100.00	Agricultural operations
Agrar Ariogala UAB	Lithuania	100.00	Agricultural operations
Agrar Girdžiai UAB	Lithuania	100.00	Agricultural operations
Agrar Vidauja UAB	Lithuania	100.00	Agricultural operations
Agrar Raudonė UAB	Lithuania	100.00	Agricultural operations
Agrar Venta UAB	Lithuania	100.00	Agricultural operations
Agrar Nerys UAB	Lithuania	100.00	Agricultural operations
Agrar Gėluva UAB	Lithuania	100.00	Agricultural operations
Agrar Betygala UAB	Lithuania	100.00	Agricultural operations
Agrar Dubysa UAB	Lithuania	100.00	Agricultural operations
Agrar Pauliai UAB	Lithuania	100.00	Agricultural operations

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
Agrar Mituva UAB	Lithuania	100.00	Agricultural operations

Source: the Company

4.7 Property, Plant and Equipment, Biological Assets and Rented Land

Table 7: Property, Plant and Equipment of the Group (EUR'000)

<i>Item</i>	<i>Land</i>	<i>Buildings</i>	<i>Constructions and machinery</i>	<i>Vehicles, equipment and other property, plant and equipment</i>	<i>Construction in progress</i>	<i>Total</i>
Carrying amount as of 31 December 2015 (<i>audited</i>)	27,021	45,004	15,098	2,005	506	89,634
Carrying amount as of 31 December 2016 (<i>audited</i>)	13,548	42,380	16,713	2,415	1,206	76,262
Carrying amount as of 31 December 2017 (<i>audited</i>)	18,779	41,583	21,147	2,813	913	85,235
Carrying amount as of 31 March 2018 (<i>unaudited</i>)	19,184	42,842	22,435	3,003	999	88,463

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2017 the Group's carrying amount of property, plant and equipment increased by 12% (EUR 8,973 thousand). Carrying amounts in land and construction & machinery increased by nearly 39% (EUR 5,231 thousand) and 27% (EUR 4,434 thousand) year-to-year, respectively. In vehicles, equipment and other property segment carrying amounts increased by 16%, in buildings and construction in progress carrying amounts decreased by 2% and 24%, respectively.

In 2016 the Group's carrying amount of fixed assets decreased by 18% year-to-year. The reason for the decrease in fixed assets was the sale of the FYIF in 2016, due to which carrying amount of land decreased by half. The FYIF owned land management companies which had in total 6,624 ha of land, including 6,200 ha of agricultural land cultivated by the Group. The carrying amount of buildings decreased by 6% year-to-year, in all other fixed assets categories carrying amounts increased in 2016. By selling units of the investment fund the consolidated long-term assets decreased by EUR 24,911 thousand and consolidated liabilities also decreased by EUR 17,906 thousand (amongst it - financial liabilities of EUR 15,195 thousand). Receipts from sale of FYIF totalled EUR 7,200 thousand in 2016.

During 2017 major investments were made in constructions and machinery, vehicles, equipment and other property, plant and equipment due to transition to organic farming model as well as the expansion of cultivated land area. Total investments (additions) into property, plant and equipment amounted EUR 10,267 thousand in 2017 (EUR 7,995 thousand in 2016). Significant increase in constructions and machinery, vehicles, equipment and other PPE also came through with the purchase of the KTG group companies. For detailed description of investments into property, plant and equipment see note 5 of the consolidated Group's financial statements for the year ended 31 December 2017.

In the first quarter of 2018 the Group acquired the agricultural company Raseinių agra UAB which cultivates around 5,200 ha. The acquired company owns EUR 2,932 thousand of property, plant and equipment consisting of land, buildings, machinery, vehicles and other equipment. Additionally, the Group has also invested in its assets EUR 2,064 thousand.

In terms of the Group's assets, the largest group of the fixed asset value is buildings. These comprise mainly of mushroom plants, cow farms, machinery yards and grain storage buildings. The second most valuable category, namely constructions and machinery, are mostly agricultural equipment and milking farm equipment. Land represents mostly agricultural land located in the most fertile areas of Lithuania.

At the end of 2016, the Group managed and cultivated 25 thousand ha of land. In 2017, this increased to 33 thousand ha of cultivated land, including 6 thousand ha of fallow land that was added from the acquisitions of KTG group companies. For 2018, the cultivated land area has expanded further to reach 38 thousand ha following the acquisition of Raseinių agra UAB. However, only 8.4% of this land is owned, with the rest of the land being managed under long term lease agreements. The list of 10 largest lessors by rented area and maturity of land rent contracts is provided in the tables below.

Table 8: 10 largest lessors by rented area and maturity of land rent contracts as of the date of this Prospectus

Land lessors	Area rented, ha	Land rent agreements maturity
Lessor 1	6,124	31/12/2026
Lessor 2	4,482	30/09/2032
Lessor 3	3,078	30/09/2032
Lessor 4	1,653	31/12/2023
Lessor 5	1,271	31/12/2019
Lessor 6	893	31/12/2020
Lessor 7	443	30/06/2020
Lessor 8	321	31/12/2040
Lessor 9	296	31/12/2018
Lessor 10	264	31/08/2018
Total 10 largest lessors	18,826	

Source: the Company

In total the Group leases land from around 2,700 lessors. Total land rent contracts maturities profile is provided in the table below:

Table 9: Land rent contracts maturities profile as of the date of this Prospectus

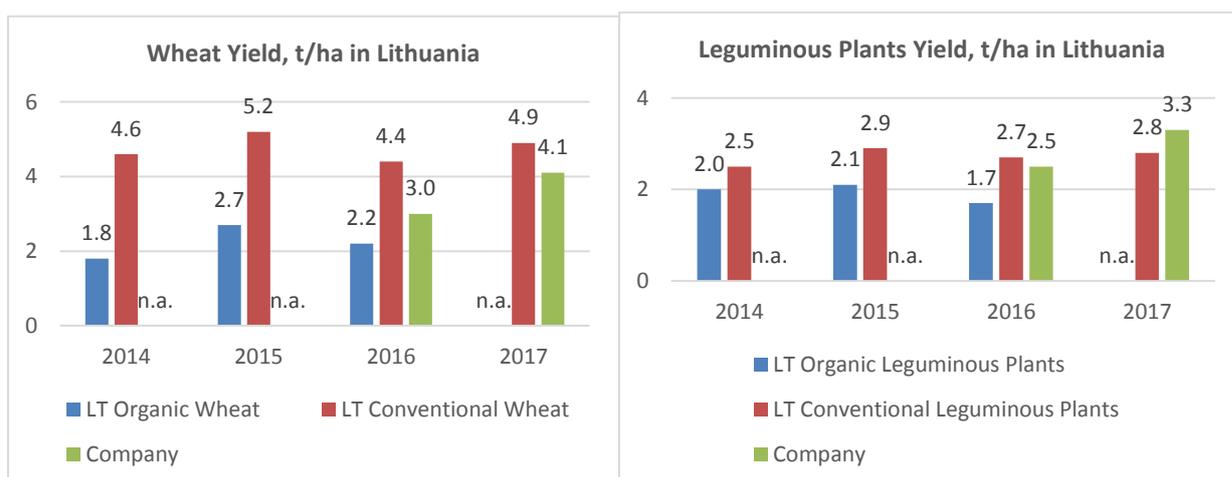
Land rent contracts maturity	% of total rented ha
<1 year	6%
1-3 years	35%
3-5 years	16%
5-10 years	22%
>10 years	21%

Source: the Company

All land rent contracts are registered in the State Registrar, so the lessor cannot terminate them before the original term expires. The Group can cancel the contracts with 1-year prior notice. The Civil Code of the Republic of Lithuania provides that upon expiry of the land lease term the former lessee has a pre-emptive right to conclude a new land lease contract on the same conditions as other parties (potential lessees), provided that the tenant duly performed the duties under the land lease contract. The first hand right to buy the leased land belongs to the Group; however, if the Group does not wish to acquire the land, the rent contract stays valid until the original term expires.

In 2016, the average cost of land in Lithuania was 3,340 EUR/ha²⁴, as compared to 19,614 EUR/ha in Germany²⁵ and 9,100 EUR/ha in Poland²⁶, while land rent cost per year was on average 124 EUR/ha for the Company (125 EUR/ha in 2017), compared to 288 EUR/ha in Germany and 209.9 EUR/ha in Poland.

The fertility of the Group's land and operational capabilities is confirmed by the above average yields that the farms have achieved in the last two years. The Group has managed to reap yields that were well above the Lithuanian organic farming averages, and even surpassed the Lithuanian conventional leguminous plants average yield in 2017. The Group's yields have progressively improved from wheat yields of 3.0 t/ha in 2016 to 4.1 t/ha in 2017, and leguminous plants yields of 2.5 t/ha in 2016 to 3.3 t/ha in 2017.



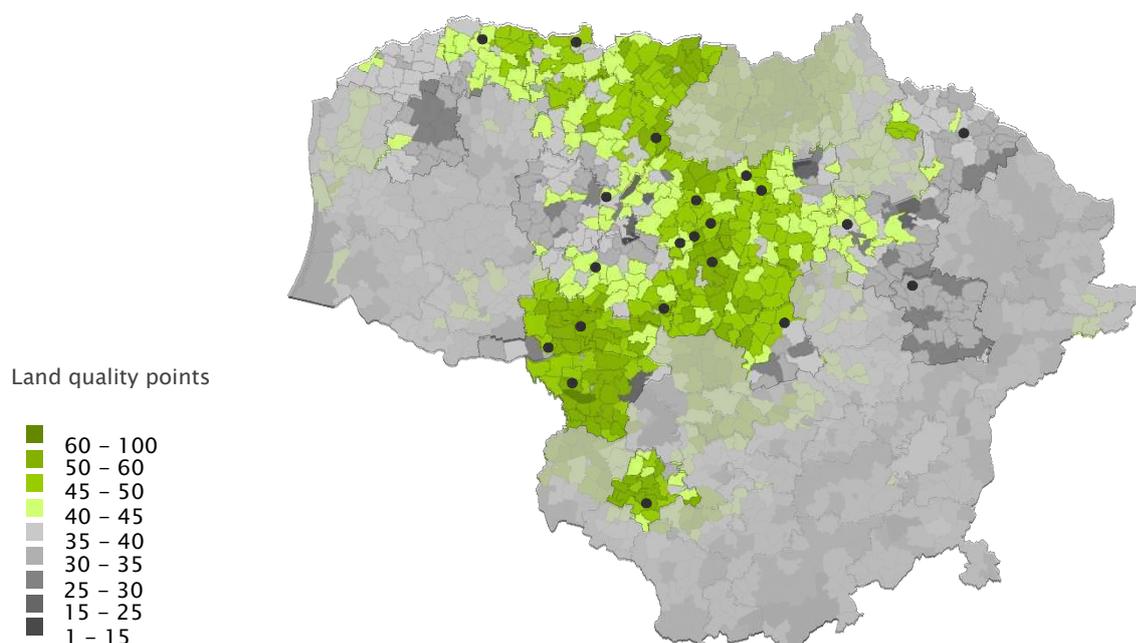
Sources: Lithuanian institute of agrarian economics, the Company's data

²⁴ <http://archyvas.vic.lt/?mid=151&id=26395>.

²⁵ https://www.destatis.de/DE/Publikationen/StatistischesJahrbuch/LandForstwirtschaft.pdf?__blob=publicationFile.

²⁶ <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>.

Location of Main farms of the Group and land quality in Lithuania



Source: the Company

The dots in the map indicate the location of main farms of the Group. The land cultivated by these farms are in highlighted regions. Colors of the map indicate land quality in Lithuania. The greener the area the more fertile land is in this area.

The Group plans to use a combination of proceeds from the Offering and bank financing to invest into various material tangible fixed assets. For additional information please refer to the Section 5.4 *Reasons for the Issue and Use of Proceeds*.

As of 31 December 2017, the carrying amount of property, plant and equipment in the amount of EUR 66,863 thousand (2016: EUR 52,980 thousand, 2015: EUR 66,510 thousand) have been pledged as security for bank borrowings. The leased assets are pledged according to the finance lease agreements.

The Group rents certain property, plant and equipment for operational needs. As at the date of this Prospectus, the rented items included combine harvesters and general tractors.

Biological Assets (livestock)

Table 10: Livestock quantity (units) of the Group

Item	Milk cows	Heifers	Other livestock	Total
As of 31 December 2015 (audited)	3,439	3,294	294	7,027
As of 31 December 2016 (audited)	3,554	3,277	191	7,022
As of 31 December 2017 (audited)	3,670	2,949	128	6,747
As of 31 March 2018 (unaudited)	3,643	2,814	80	6,537

Sources: Consolidated Financial Statements, Consolidated Interim Information

Table 11: Livestock value of the Group (EUR'000)

Item	Milk cows	Heifers	Other livestock	Total
As of 31 December 2015 (audited)	3,525	2,603	126	6,254
As of 31 December 2016 (audited)	3,920	2,876	42	6,838
As of 31 December 2017 (audited)	4,579	3,329	121	8,029

<i>Item</i>	<i>Milk cows</i>	<i>Heifers</i>	<i>Other livestock</i>	<i>Total</i>
As of 31 March 2018 (<i>unaudited</i>)	4,604	3,244	101	7,949

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2017 and 2016 the Group's total livestock value increased by 17% (EUR 1,191 thousand) and 9% (EUR 584 thousand) year-to-year, respectively. Number of milk cows increased by 3% and number of heifers decreased by 1%, amount of other livestock decreased by 35% in 2016 year-to-year. In 2017, the number of milk cows and heifers increased by 3% to 3,670 and decreased by 10% to 2,949, respectively.

By the end of the first quarter of 2018, the total number of livestock owned had reduced relative to the end of December 2017 by 210 units. This was mostly on account of the reduction in the number of heifers by 135 units. Despite the 3.0% decrease in the total number of livestock owned, the value of the livestock has only declined by less than 1.0% to EUR 7,949 thousand, with the value of both milk cows and heifers increasing during the 3 month period relative to the end of 2017.

The value of the livestock is measured at their fair value less the estimated point-of-sale costs. In particular, the milking cows are valued based on the discounted cash flow method. In 2016, the Group changed its method of valuing the milking cows. Previously, the cows had been valued based on the expected sales price determined by the Group from market participants' data. This was changed to calculating the value based on the revenues generated by the cow herd over their remaining useful lives. The main reason for the increase in fair value of biological assets is transfer to organic farming and expected price premium for organic milk production. Milk produced by the Group was certified as organic since August 2017, however as at the end of year 2017 not all milk output was sold with an organic price premium. The Group aims to significantly increase the percentage of milk sold with an organic price premium during 2018.

A description of any environmental issues that may affect the Issuer's utilisation of the tangible fixed assets

The Group, and especially its agricultural companies, are and will remain subject to numerous rules and regulations of environment protection. Environmental laws and regulations impose various requirements and obligations on the Group Companies, including those relating to manure and waste management, installation of leakage systems, use of water, etc.

Lankesa ŽŪB is still in the process of implementation of improved environmental standards in its activities. This Subsidiary is reconstructing existing liquid manure management systems. The estimated investment necessary for completion of such reconstruction projects amounts to EUR 50 thousand. The Group is not aware of any current or potential material infringements of the environmental requirements by any of the Group Companies. The Group is also not aware of any material contamination of the properties owned by the Group Companies. However, the environmental conditions of each of the Group's properties has not been thoroughly examined.

4.8 Operating and Financial Review

4.8.1 Financial Condition

The Group's capital resources are generated primarily through ordinary business revenues and external financing. The Group's business generates sufficient cash flow to meet the Group's working capital and debt service requirements (including requirements foreseeable for the next 12 months of operations). There are no material restrictions on the use of the Group's capital resources other than customary covenants included in the financing agreements.

Table 12: Consolidated capital resources of the Group (EUR'000)

Item	31 March 2018	31 December 2017	31 December 2016	31 December 2015
	unaudited	audited		
Cash and cash equivalents	1,040	620	1,650	4,068
Current borrowings, current portion of non-current borrowings, current portion of non-current obligations under finance lease	28,695	21,069	11,625	25,359
Non-current borrowings, obligations under finance lease	25,928	22,522	20,365	21,319
Total equity	79,640	79,015	72,238	69,130
Share capital	54,351	54,351	54,351	54,351
Share premium	738	738	7,890	7,890
Revaluation reserves	5,889	5,889	4,179	7,689
Legal reserves	579	579	579	579
Currency exchange differences	(165)	(165)	(217)	(266)
Retained earnings	17,905	17,241	5,163	(1,434)
Non-controlling interest	343	382	293	321
Consolidated capital resources of the Group (cash and cash equivalents, current borrowings, current portion of non-current borrowings, current portion of non-current obligations under finance lease, non-current borrowings, obligations under finance lease and total equity)	135,303	123,226	105,878	119,876

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2017, mostly due to the increase in short-term capital resources, the Group's consolidated capital resources increased by 16% year-to-year. In 2016, due to the significant decrease in the short-term capital resources (-54% year-to-year), the Group's consolidated capital resources decreased 12% year-to-year. The major reason for the decline in short-term capital resources in 2016 was the sale of FYIF, which accounted for a significant part of the Group's financial liabilities in that year. By the end of 31 March 2018, the consolidated capital resources had increased from EUR 123,226 thousand to EUR 135,303 thousand, mostly on account of the increase in both current financial liabilities (EUR 7,626 thousand) and non-current financial liabilities (EUR 3,406 thousand). A significant part of financial liabilities increase is due to Raseiniai Agra UAB acquisition which had EUR 3,426 thousand in financial liabilities on the acquisition date.

Table 13: Non-current borrowings of the Group (EUR'000)

Item	31 March 2018	31 December 2017	31 December 2016	31 December 2015
	unaudited	audited		
<i>1. Borrowings from banks</i>				
Mushroom growing companies	5,453	5,927	7,905	9,917
Land management entities	-	-	-	10,126
Agricultural entities & cooperatives	13,686	11,441	7,398	10,393
<i>2. Long-term payments to 3rd parties</i>				

Long-term payables to the State for land purchased	1,379	1,535	1,687	1,851
Long-term payables to creditors	1,111	1,041	2,345	2,506
Long-term payable to investment fund for purchased land	1,097	1,097	1,188	1,302
Total	22,726	21,041	20,523	36,095
Less: amounts, payable within one year (breached covenants)		-	-	7,397
Less: amounts, payable within one year (according to agreements)	4,564	4,506	3,585	9,894
Total non-current borrowings	18,161	16,535	16,938	18,804

Sources: Consolidated Financial Statements, Consolidated Interim Information

From 2015 to 2016, there was a significant decline in total borrowings from EUR 36,095 thousand to EUR 20,523 thousand. This decline was mostly on account of EUR 10,126 thousand relating to borrowings on land management entities. The land management entities are no longer present in the balance sheet due to the sale of FYIF in 2016. This also explains the drop in total borrowings.

At the end of 2015, the borrowings by the land management entity FYIF from DNB bank AB (current name Luminor Bank AB) and Swedbank AB did not meet their covenant regarding its debt service coverage ratio, but the Group obtained waivers from the banks confirming that financial covenants for the loan would be required to be met starting from the beginning of 2016. These covenants pertained to loan agreements with a total value of EUR 7,626 thousand as at 31 December 2015. A formal waiver was received on 26 April 2016 where the banks confirmed that the financial covenants for a new loan of EUR 9,968 thousand were to be met starting from the beginning of 2016. Due to the fact that waivers were not received before the year end, the Group classified EUR 7,397 thousand of long-term borrowings as short-term borrowings as at 31 December 2015.

At the end of 2016, the Group had met all the covenants pertaining to its long-term borrowings. In terms of such covenants, in 2017 two Group Companies breached their covenants, but the formal bank waivers were received for all of such loans by the end of the reporting period. The covenants that were breached related to the debt service coverage ratio, debt/EBITDA and equity ratio. The total amount of such loans was equal to EUR 15,339 thousand as at 31 December 2017.

All bank loans taken by the Group are secured with property, plant and equipment. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. In addition, the majority of agricultural entities have company mortgages, mushroom growing company has major part of non-current and current assets pledged as a collateral. The average interest rate on borrowings in 2016 had declined year-to-year from 3.4% to 3.1%. In 2017, there was no significant change in the value of long-term borrowings, which remained relatively flat at EUR 16.6 million, but the average interest rate increased to 3.3%. There was a EUR 1,626 thousand increase in long-term borrowings at the end of 31 March 2018, with the main increase (EUR 2,245 thousand) coming from bank borrowings to agricultural entities and cooperatives. A significant amount of non-current borrowings increase comes from acquisition of Raseiniai Agra UAB which had EUR 2,046 thousand of non-current borrowings on the acquisition date.

The Group owes a payable amount to the State of Lithuania amounting to EUR 1,535 thousand for land acquisition made by the Group in 2008-2015. The payable amount to the State of Lithuania should be paid over a 15-year period.

Table 14: Current borrowings of the Group (EUR'000)

<i>Item</i>	<i>31 March 2018</i>	<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2015</i>
	<i>unaudited</i>	<i>audited</i>		
Borrowings from banks				
Mushroom growing companies	2,400	2,400	2,317	2,317
Agricultural entities	1,273	997	-	770
Parent Company	18,000	3,210	-	2,990
Grain selling entity	-	7,000	3,033	-
Total	21,673	13,607	5,350	6,077
Total current borrowings	21,673	13,607	5,350	6,077

Source: the Company

In 2016 all the Group's short-term borrowings (EUR 5,350 thousand) were credit-line facilities. These decreased from 2015 to 2016 by EUR 727 thousand despite the new credit-line of EUR 3,033 thousand to the grain selling entity in 2016. The decline in short-term borrowings was due to the payment of the debt on agricultural entities and the Company at 31 December 2017. However, in 2017 short-term borrowings increased more than 2.5x to EUR 13,607 thousand. These loans increased mostly due to a EUR 3,210 thousand loan to the Company and an increase of nearly EUR 4,000 thousand in loans to the grain selling entities. The increase in short-term borrowings is related to increased working capital of the Group due to expansion of activity (cultivated land area) and increased inventories (sales of organic produce is more evenly divided in course of the year and that means larger part of the harvest is still in the Group's storage facilities at the end of the reporting period). There was a further EUR 8,066 thousand increase in short-term borrowings during the first quarter of 2018. While the EUR 7,000 thousand outstanding from the grain selling entity at the end of 2017 has been repaid, the short-term borrowings liable to be paid by the Parent Company increased by EUR 14,790 thousand to EUR 18,000 thousand at the end of the quarter. A significant part of current financial liabilities increase is due to Raseiniai Agra UAB acquisition which had EUR 1,380 thousand in current financial liabilities on the acquisition date.

Table 15: The Group's Liabilities (EUR'000)

<i>Item</i>	<i>31 March 2018</i>	<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2015</i>
	<i>unaudited</i>	<i>audited</i>		
Non-current borrowings	18,162	16,535	16,938	18,804
Current portion of non-current borrowings	4,564	4,506	3,585	17,291
Current borrowings	21,673	13,607	5,350	6,077
Obligations under finance lease (non-current, current portion of non-current)	10,224	8,943	6,117	4,506
Deferred grant income	3,687	3,657	3,286	3,852
Deferred tax liability	656	656	433	2,820
Liabilities directly associated with assets classified as held for sale	1,103	1,307	-	-
Trade payables and Other payables and current liabilities	18,966	20,322	14,143	12,123
Total liabilities	79,035	69,533	49,852	66,136

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2017 the Group's interest expenses were EUR 1,904 thousand, including: EUR 1,207 thousand of bank and leasing interest expenses, and EUR 456 thousand of other interest expenses. During the first quarter of 2018, the interest expenses were EUR 364 thousand, of which EUR 355 thousand related to bank and leasing interest expenses and the EUR 9 thousand balance related to other interest expenses.

Table 16: Breakdown of financial liabilities of the Group (EUR'000)

Item	Contractual undiscounted cash flows				
	Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
31 March 2018 (unaudited)					
Borrowings	-	26,237	6,468	11,298	1,347
Finance lease liabilities	-	2,458	2,999	3,580	1,605
Guarantees issued	2,963	-	-	-	-
Trade and other payables	-	14,584	-	-	-
Total	2,963	43,279	9,467	11,656	2,952
31 December 2017 (audited)					
Borrowings	-	18,701	6,338	9,858	1,309
Finance lease liabilities	-	3,220	2,727	2,978	614
Guarantees issued	3,095	-	-	-	-
Trade and other payables	-	15,550	-	-	-
Total	3,095	37,471	9,065	12,836	1,923
31 December 2016 (audited)					
Borrowings	117	9,694	5,762	11,459	1,310
Finance lease liabilities	351	2,560	1,610	1,783	251
Guarantees issued	4,757	-	-	-	-
Trade and other payables	-	9,684	-	-	-
Total	5,225	21,938	7,372	13,242	1,561
31 December 2015 (audited)					
Borrowings	10,473	13,266	8,135	11,657	3,006
Finance lease liabilities	-	2,140	1,516	1,058	47
Guarantees issued	2,847	-	-	-	-
Trade and other payables	-	9,332	-	-	-
Total	13,320	24,738	9,651	12,715	3,053

Source: the Company

The majority of the Group's borrowings are short-term, i.e. due within one year. Though there has been a relatively consistent split in both 2016 and 2017 of short-term borrowings nearly equating to trade and other payables. Between 2015-2017, trade payables and other payables have accounted for between 32% (2015), 55% (2016) and 48% (2017) of current liabilities.

The largest part of the long-term debt is payable within three to four years. This has been the case throughout the three years, with the amount outstanding declining annually from EUR 11,657 thousand in 2015 to EUR 11,459 thousand in 2016 and eventually EUR 9,858 thousand in 2017 and EUR 11,298 thousand in the first quarter of 2018.

Overall, the Group had long-term debt of EUR 23,824 thousand at the end of 2017. This value has remained somewhat stable compared to both 2016 (EUR 22,175 thousand) and 2015 (EUR

25,419) and continued to remain stable going into the first quarter of 2018 (EUR 24,075 thousand). The short-term debt (excluding trade and other payables), though have fluctuated somewhat from EUR 28,726 thousand in 2015 to EUR 17,479 thousand in 2016 and back up to EUR 25,016 in 2017 and EUR 31,790 thousand in the first quarter of 2018.

Despite the level of short-term obligations, which equates to more than half of the Group's total debt, the Group has a healthy liquidity ratio (2017: 1.16x, 2016: 1.37x) and in most circumstances it has been able to meet the covenants attached to the borrowings (and where the covenants were not met, it has been able to resolve the matter with the banks). The Group's quick ratio in 2017 was 0.56x (2016: 0.78x), while the adjusted working capital (Current biological assets + Trade receivables, advance payments and other receivables + Inventory – Trade payables – Other payables and current liabilities) amounted to EUR 26,101 thousand in 2017.

Table 17: Interest rate exposure of financial liabilities of the Group (EUR'000)

<i>Item</i>	<i>Liabilities with fixed interest rate</i>	<i>Liabilities with floating interest rate</i>
31 March 2018 (unaudited)		
Loans from financial institutions	7,424	30,385
Finance lease liabilities	-	10,224
Other borrowings	6,587	-
Total	14,011	40,612
31 December 2017 (audited)		
Loans from financial institutions	7,613	23,361
Finance lease liabilities	-	8,941
Other borrowings	3,676	-
Total	11,289	32,302
31 December 2016 (audited)		
Loans from financial institutions	6,525	14,096
Finance lease liabilities	-	6,119
Other borrowings	3,996	1,254
Total	10,521	21,469
31 December 2015 (audited)		
Loans from financial institutions	4,003	31,604
Finance lease liabilities	162	4,344
Other borrowings	4,842	1,723
Total	9,007	37,671

Source: the Company

The majority of the Group's liabilities are exposed to floating interest rates, specifically in terms of the Group's finance lease liabilities. That would suggest that an increase in interest rates could adversely affect the Group's cash flows and business results.

The Group's borrowings include loans with floating interest rate, which is related to EURIBOR. Most of the bank borrowings and finance lease liabilities are repriced each three or six months. Other borrowings are repriced each month or every three months. The Group has payables to the State for acquired land which are with a fixed interest rate. However, the Group has interest rate swap contracts that it uses to manage its interest rate risks and to hedge against floating interest rate. These contracts at the end of 2017 included:

1. A contract to pay a fixed 1% of interest on outstanding loan balance (EUR 5,718 thousand as at 31 December 2017) and receive a 3-month EURIBOR interest. The contract duration is pegged to the outstanding agricultural entities loan agreement, which terminates in 2019.

2. A contract to pay a fixed 0.5% of interest on outstanding loan balance (EUR 1,895 thousand as at 31 December 2017) and receive a 3-month EURIBOR interest. The contract duration is pegged to the outstanding agricultural entities loan agreement, which terminates in 2022.

In 2017, total Group borrowings at floating interest rates amount to EUR 32,302 thousand (2016: EUR 21,469 thousand; 2015: EUR 37,671 thousand), all of which is denominated in EUR. As long as the EURIBOR remains below 0, the effect of an increase or decrease in the EURIBOR on the Group would be close to 0 as most of the Group's loans have clauses that, for interest calculation purposes, EURIBOR cannot be smaller than 0. If the EURIBOR were to increase above 0, then if floating rate interest (influenced by the EURIBOR) changed by 1 percentage point, the annual effect on the Group would amount to EUR 324 thousand before taxes (2016: EUR 215 thousand).

4.8.2 Operating Results

Table 18: Financial data from the consolidated income statements of the Group (EUR'000)

Item	3-month period ended 31 March 2018	3-month period ended 31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	unaudited		audited		
Revenues	11,492	12,107	48,784	39,630	47,425
Cost of sales	(9,394)	(9,660)	(38,012)	(27,985)	(36,735)
Gain (loss) on changes in fair values of biological assets and on recognition at fair values of agricultural produce at point of harvest	(423)	(281)	4,159	(868)	(289)
GROSS PROFIT	1,675	2,168	14,931	10,777	10,401
Operating expenses	(833)	(1,932)	(8,585)	(7,014)	(6,069)
Investment property fair value change gain	-	-	-	-	3,339
Other income	147	53	351	127	458
OPERATING PROFIT	989	289	6,697	3,890	8,129
Finance cost	(364)	(272)	(1,904)	(2,098)	(2,001)
PROFIT (LOSS) BEFORE INCOME TAX	625	17	4,793	1,792	6,128
Income tax expense	-	-	222	353	(569)
NET PROFIT / (LOSS) FOR THE YEAR	625	17	5,015	2,145	5,559
Equity holders of the Company	664	17	4,926	2,173	5,618
Non-controlling interest	(39)	-	89	(28)	(59)
Basic and diluted earnings (loss) per share (EUR)	0.00	0.00	0.03	0.01	0.03

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2015 an important driver of the results was a revaluation of investment property related to (agricultural land) at fair value as required by the IFRS (there was a significant increase in average agricultural land value in Lithuania in 2015). The gain from fair value change of investment property amounted to EUR 3,339 thousand. In 2016 revenues decreased due to the transition to organic farming as most of the sales of organic produce are quite evenly divided from the point of harvest until the next summer, while conventional produce is mostly sold right after the harvest - only 40% of 2016 year's harvest were sold in 2016, while 80% of 2015 year's harvest were sold

in 2015. The cost of goods sold decreased as well in 2016 as a result the gross profit remained approximately on the same level as in 2015. Eliminating gain from fair value change of investment property of EUR 3,339 thousand in 2015, net profit in 2016 remained more or less at the same level as in 2015 as well.

During 2017 the Group generated EUR 48,784 thousand in agricultural activity revenues. The Group's revenue in 2017 increased by about 23% as compared to 2016 mainly due to two main reasons: due to the transition to organic farming, as most of the sales of organic produce are quite evenly divided from the point of harvest until the next summer, while conventional produce is mostly sold right after the harvest - only 40% of 2016 year's harvest was sold in 2016, while 80% of 2015 year's harvest was sold in 2015. As a result, sales were lower per 12 months of 2016 compared to the same period in 2017. The second reason being price premium for organic agricultural produce. Due to this, production sold in the second half of the year was on higher prices than in the first half of the year. Comparing year to year, revenues from mushrooms and compost sales stayed approximately at the same level. However, in the first 3 months of 2017 the mushroom farm suffered a loss due to temporary problems in production, but in the following 9 months the production of mushrooms increased and reached the same level of turnover as last year. Revenues from sales of milk have increased due to the rise of market milk prices. Comparing to 12 months of 2016, the Group's sold milk price has increased by 36%.

Gain on changes in fair values of biological assets had a significant impact on 2017 results as well. Gain (loss) on changes in fair values of biological assets and on recognition at fair value of agricultural produce at point of harvest consists of 2 segments: livestock and agriculture. Change in fair value of biological assets is calculated in accordance to International Accounting Standard 41 "Agriculture" requirements. The Group has suffered a loss on change in fair value of livestock biological assets due to high cost of livestock sold for meat. In case of agriculture the harvest must be evaluated at fair value at the point of harvest and profit/loss from such evaluation should be accounted in reporting period when it occurs. In previous years production costs were more or less the same as expected market prices so effect from harvest revaluation was close to zero or even negative. However, in 2017 Group successfully finished transition to fully organic production. Market prices for organic production are significantly higher than conventional as a result biological assets evaluation effect increased significantly as well. In addition to this, in 2017 yields of most cultures were higher comparing to the yields of 2016. However, in the last quarter of 2017 the Group has suffered significant losses due to extreme weather conditions, as quality of grain harvested in the last quarter of 2017 was poor and part of the crops were not harvested at all.

During the first quarter of 2018 the Group generated EUR 11.492 thousand in agricultural activity revenues. The Group's revenue in period decreased by about 5% as compared to the first quarter of 2017 mainly due to the changes to the client agreements in the crop growing segment, which resulted in the sales in the first quarter of 2018 decreasing by 31% compared to the first quarter of 2017, but ultimately it means that the harvest will be delivered in the coming quarters. Revenues from the mushroom growing segment increased by 12%, as the first quarter of 2017 sales were negatively impacted by temporary problems in production. Revenues from dairy segment in the first quarter of 2018 remained on the same level as in the same period last year.

Table 19: Cost of sales of the Group (EUR'000)

<i>Item</i>	<i>3-month period ended 31 March 2018</i>	<i>3-month period ended 31 March 2017</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
	<i>unaudited</i>		<i>audited</i>		
Payroll expenses	1,922	1,845	7,649	5,488	5,340
Social security expenses	596	572	2,371	1,701	1,655
Raw materials	1,205	1,150	4,767	4,830	4,544
Organic fertilizers	342	362	1,503	189	3,540
Packaging	954	915	3,793	3,654	2,739
Feed for animals	734	582	2,415	1,930	2,421

Property, plant and equipment depreciation	1,556	1,279	5,301	4,748	4,972
Land rent	546	579	2,402	879	1,725
Services from contractors	1,596	1,619	6,713	4,959	5,387
Fuel costs	372	331	1,372	732	1,383
Chemicals	-	-	-	-	1,284
Spare parts and inventory	257	246	1,021	1,012	2,056
Seed	340	360	1,494	432	995
Electricity	292	280	1,159	1,207	1,225
Medicine	78	82	339	277	298
Realised gain (loss) on change in fair value of agricultural produce at point of harvest	314	154	598	1,031	-
Write-down to net realizable value of agricultural produce	-	-	-	-	1,319
Write-down of inventory and crops	74	266	1,102	1,266	666
Other expenses	356	709	2,984	2,330	2,801
Less: direct subsidies from the State	(2,140)	(1,671)	(8,971)	(8,680)	(7,615)
TOTAL	9,394	9,660	38,012	27,985	36,735

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2016 the Group's cost of sales to revenues improved (70.6% in 2016 compared to 77.5% in 2015). The largest items in cost of sales in 2016 were payroll expenses, services from contractors, raw materials and PPE depreciation (19.6%, 17.7%, 17.3% and 17.0% from total cost of sales, respectively). Subsidies with a cumulative value of EUR 8,680 thousand in 2016 (2015: EUR 7,615 thousand) were received from the State of Lithuania.

In terms of 2017, the Group's cost of sales to revenues increased closer to the 2015 level at 77.9% (2016: 70.6%). The largest items in cost of sales for 2017 were payroll expenses (EUR 7,649 thousand), services from contractors (EUR 6,713 thousand) and raw materials (EUR 4,767 thousand), corresponding to 20.1%, 17.7% and 12.5% from total cost of sales, respectively. In 2017, on an absolute basis, the largest increase in cost of sales were payroll expenses, which increased by EUR 2,161 thousand as compared to 2016. Payroll expenses increased due to operations expansion which resulted in larger number of employees and because of average salary increase.

The largest items in cost of sales in the first quarter of 2018 were payroll expenses, services from contractors, PPE depreciation and raw materials (20.5%, 17.0%, 16.6% and 12.8% from total cost of sales, respectively). Subsidies from the State of Lithuania with a cumulative value of EUR 2,140 thousand in the first quarter of 2018 (first quarter of 2017: EUR 1,671 thousand) were accrued. Increase in accrued subsidies is directly related to the increase in hectares cultivated by the Group. The total Group cost of sales decreased during the first quarter of 2018 mainly due to lower crop sales. The crop growing segment cost of sales represents the 2017 harvest value at point of harvest which did not change significantly since the point of harvest till actual sale in the first quarter of 2018. In the first quarter of 2017 the market prices of the crops increased and were significantly higher from time of 2016 harvest which let the Group to accumulate an additional gross profit in the first quarter of 2017. Dairy segment cost of sales increased due to higher value of crops used for feed. State subsidies increased due to the increase in total hectares of land cultivated by the Group.

Overall, though, the driving factor for the Group's cost of sales increasing in 2017 was the increased cost of agricultural sales. The cost of agricultural sales was higher due to higher sales

of the 2016 harvest compared to the previous reporting period. Additionally, the agricultural costs have increased due to the bad weather conditions at the time of the 2017 harvest. The increased cost of mushrooms also impacted the total costs, as the mushroom production segment incurred difficulties in first quarter of 2017, while there was also a general increase in labour costs. However, some of the costs were negated by the subsidies from the State of Lithuania at accounted for a cumulative value of nearly EUR 8,971 thousand.

Table 20: Operating Expenses of the Group (EUR'000)

Item	3-month period ended 31 March 2018	3-month period ended 31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	unaudited		audited		
Payroll expenses	743	714	3,054	2,337	1,968
Social security expenses	230	221	948	725	610
Fines and late payments	715	178	80	128	40
Property, plant and equipment depreciation	98	172	876	647	785
Impairment of property, plant and equipment	(1,898)	-	-	-	264
Impairment of accounts receivable	-	-	-	10	65
Consultations and business plan preparations	205	167	603	693	243
Insurance and tax expense	56	47	516	472	414
Selling expenses	97	83	585	367	767
Fuel costs	24	50	171	137	154
Real estate registration and notaries	35	25	180	124	93
Rent and utilities	81	45	272	168	223
Transportation costs	95	26	180	86	58
Office administration	72	66	440	374	80
Other expenses	280	138	680	746	305
TOTAL	833	1,932	8,585	7,014	6,069

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2017 and 2016 the Group's operating expenses increased by 22% and 16% year-to-year, respectively. The largest items in operating expenses were payroll and social security expenses, together amounting to 46.6% in 2017 and 43.7% in 2016 of total operating expenses (in 2015: 42.5%). The main reasons for increase of payroll and social security expenses were the increase in the numbers of employees and the increase of the average salary due to the macroeconomic situation. The other consistently higher operating expense related to depreciation on property, plant and equipment, which contributed to 12.9% of operating expenses in 2015, 9.2% in 2016 and 10.2% in 2017. Various acquisitions and other projects throughout 2016-2017 year resulted in rather high consultation and legal charges (consultations and business plan preparations) as well as real estate registration and notaries' expenses. Selling expenses increased in line with additional expenses related to AUGA brand and end-consumer product development, marketing investments and export initiatives.

Comparing the first quarter of 2018 to the same period last year two main variances were taken into account: due to the fact that the Group has signed an agreement to sell its subsidiaries Karakash agro OOO and Karakash OOO, the impairments of assets which were done in previous periods were reversed to meet the assets' value at the moment of the sale; secondly, the company accrued all the expenses which need to be paid due to termination of Arginta

Engineering UAB purchase agreement. Except these two transactions the Group's operating expenses were in-line with the same period last year.

4.9 Capital Resources

Table 21: Total equity structure of the Group (EUR'000)

Item	3-month period ended 31 March 2018	31 December 2017	31 December 2016	31 December 2015
	unaudited	audited		
Share capital	54,351	54,351	54,351	54,351
Share premium	738	738	7,890	7,890
Revaluation reserves	5,889	5,889	4,179	7,689
Legal reserves	579	579	579	579
Currency exchange differences	(165)	(165)	(217)	(266)
Retained earnings	17,905	17,241	5,163	(1,434)
Non-controlling interest	343	382	293	321
Total equity	79,640	79,015	72,238	69,130

Sources: Consolidated Financial Statements, Consolidated Interim Information

Despite a decrease in the Group's revaluation reserves from EUR 7,689 thousand in 2015 to EUR 4,179 thousand in 2016, there was an increase in the total equity on a year-on-year basis to EUR 72,238 thousand. This was mostly due to the Group being able to reverse the accumulated deficit of EUR 1,434 thousand in 2015. The increase in equity value during 2017 was mostly on account of the revaluation reserve that increased from EUR 4,179 thousand to EUR 5,889 thousand million and the EUR 12,078 thousand growth in retained earnings. There was a small change in the total equity value at the end of 31 March 2018, with the balance sitting at EUR 79,640 thousand.

In the Extraordinary General Meeting, dated 6 November 2017 it was decided to reduce the share premium to cover the Company's losses that were recorded in the unaudited consolidated financial statements for the 2017 six month period ended on 30 June 2017 (i.e. EUR 7,152 thousand).

Table 22: Debt and equity ratio of the Group

Item	31 March 2018	31 December 2017	31 December 2016	31 December 2015
	unaudited	audited		
Total non-current financial liabilities	25,928	22,522	20,365	21,319
Total current financial liabilities	28,695	21,069	11,625	25,359
Total financial liabilities	54,623	43,591	31,990	46,678
Total equity	79,640	79,015	72,238	69,130
Debt to equity ratio* (ratio calculation unaudited) (x)	0.69	0.55	0.44	0.68

Source: the Company

*Debt to equity ratio = Total financial liabilities/Total equity.

In 2016 the Group's debt to equity ratio improved (0.44x in 2016 compared to 0.68x in 2015) due to the decrease in total financial liabilities and an increase in the total equity value. In 2017 due to the increase in total financial liabilities the Group's debt to equity ratio (0.55x) increased slightly once again. This trend continued into the first quarter of 2018, with the increase in financial liabilities raising the debt to equity ratio to 0.69x.

Table 23: Cash flow statement's summary of the Group (EUR '000)

Item	31 March 2018	31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	<i>unaudited</i>		<i>audited</i>		
Cash and cash equivalents at the beginning of the period	620	1,650	1,650	4,068	1,054
Net cash flows from /(to) operating activities	(3,162)	1,165	4,365	806	8,059
Net cash flows from/(to) investing activities	(2,399)	(2,445)	(6,552)	1,430	(1,544)
Net cash flows from/(to) financing activities	5,981	53	1,158	(4,654)	(3,501)
Cash and cash equivalents at the end of the period	1,040	423	620	1,650	4,068

Sources: Consolidated Financial Statements, Consolidated Interim Information

Despite receiving loans from banks (Luminor Bank AB (former DNB bank AB), Swedbank AB), the sizable repayments of loans to banks resulted in the Group in 2015 and 2016 incurring negative net cash flows to financing activities. Yet, the EUR 8,059 thousand net cash flow from operating activities in 2015 (supported by the net profit for the period) supported positive cash flows for the period. In 2015 the Group experienced a positive net change in cash of EUR 3,014 thousand.

In 2016 the net cash flow from investing activities (supported by the EUR 6,165 thousand inflow from the sale of investments) resulted in the Group maintaining sufficient positive cash flows for the period.

Despite the increase in net cash flows from financing activities to EUR 1,158 thousand for 2017, the cash position declined by EUR 1,030 thousand to EUR 620 thousand. This was due to EUR 6,552 thousand investing activity outflow, of which EUR 4,950 thousand was due to the purchase of property, plant and equipment. The main source of financing was from borrowings received (EUR 12,130 thousand), which exceeded cumulative value of the loans repaid (EUR 5,921 thousand), the finance lease repayments (EUR 3,504 thousand) and the other borrowings repaid (EUR 1,547 thousand).

In 2017, the main source of operating cash flows was the Group's profit of EUR 4,793 thousand and the depreciation adjustment of EUR 6,800 thousand. However, the net cash flow from operating activities was only EUR 4,365 thousand, as the Group faced an increase in inventory EUR 6,675 thousand and biological assets EUR 6,568 thousand.

During the first quarter of 2018, the main source of operating cash flows was the Group's profit of EUR 625 thousand, the depreciation adjustment of EUR 1,742 thousand and a EUR 3,917 thousand decrease in inventory. However, the net cash flow from operating activities was negative EUR 3,162 thousand, mostly as a result of the Group facing an increase in biological assets worth EUR 3,830 thousand and a decrease in trade payables of EUR 2,721 thousand. In terms of financing activities, the Group was granted new bank loans worth an inflow of EUR 15,000 thousand and repaid EUR 11,568 thousand to the banks. In addition, there were other borrowings received to the value of EUR 3,000 thousand and the repayment of financial leases of EUR 451 thousand. At the end of the quarter, the Group experienced a net increase in cash and cash equivalents of EUR 420 thousand due to the positive cash inflows from financing activities.

Information on the restrictions of the use of capital resources of capital by the Group is described in the Section 3.2 *Group Specific Risk Factors* (risk factors "A considerable number of the Group

Companies (as enterprises and/or their securities) are pledged” and “The level of the Group’s borrowed capital may lead to restricted financing opportunities of the Group and cause difficulties in settlement with creditors”).

4.10 Research and Development, Patents and Licences

The Issuer does not apply and follow strict research and development policies which would be material for the operations of the Issuer. Disregarding this, the Company has a Research and Development Department (for more information on it and on its activities, please see the Section *New development project, being considered by the Company*). One of the Group Companies, AgroGIS UAB, developing IT solutions for agricultural companies within the Group as well as for the third parties, holds the licence “Arcgis 1.1 server”. This is the only licence held by the Issuer and/or its Subsidiaries.

Furthermore, the Issuer is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes and these aspects are not material to the Issuer’s business or profitability. Disregarding this, Baltic Champs UAB has a Patents Licencing Agreement, signed with Kęstutis Juščius, according to which Baltic Champs UAB uses the following patents, registered in Lithuania:

- (i) Local aeration equipment, designated for the cultivation of mushrooms and other cultural mushrooms, and the method of its use (patent No. 5734);
- (ii) A new way of producing a substrate for mushrooms and other cultured mushrooms (patent No. 5847);
- (iii) Method of production of a coating layer (coating) or mixtures for mushrooms and plants (patent No. 5867).

The ecological certification is also important for the Group (please see the Section *4.13 Legal Overview* for more details). Material Contracts of the Group are disclosed in the Section *4.22 Material Contracts*.

The Company launched its Research and Development Department in 2016 with the main goal of creating additional value by supplying innovative organic agriculture technologies and at the end - more and better end-user products.

At present, the Department’s team is running the following projects:

- Smart Land Use Monitoring (Agrogis)
- Broiler poultry farms
- Laying hens poultry farms
- Adaptation of agricultural machinery to organic farming
- Biogas production
- Biogas cleaning
- New generation organic dairy farms
- Seed processing plant
- Combined fodder Factory

Project development is at different stages and is developing at a different pace, depending on their relevance on the scale of the Group and the market situation. Research and Development Department does not carry out fundamental scientific research. The activities of the Department include the search for the best solutions/ technologies available, the attraction of other specialized private or public enterprises, scientific organizations or individuals with a high level of research and development competence in order to create an effective new activity in the company that would positively affect other activities of the Company, as well as the deliver effective technological solutions for organic agriculture.

Apart from the projects listed above, the Department regularly conducts an "intelligence" mission to attract and discover innovative technologies, people and knowledge which would allow to reach higher overall effectiveness and sustainability indicators.

4.11 Trend Information

The Group's vision is to focus only on organic and sustainable food production, with a long-term vision of supplying a wide range of finished goods for the end consumers. The Group's strategic shift to organic farming began in 2015 and in August 2017 the Group had successfully completed the transition from conventional agricultural activities to organic. The harvest of 2017 was certified as organic (harvest gathered in 2016 was labelled P2 transition period second year harvest). To mark new era of the Group's operations (i.e. new strategy of sustainable organic food from farm to table) at the end of 2016, the Group also introduced a new brand name – "AUGA" (in Lithuanian – verb "grow"), and changed its legal name to AUGA group AB.

The main crops grown for sales (cash crops) are winter and spring wheat, various protein crops (peas, beans and soy) as well as rapeseed, sugar beets and vegetables – there were around 18.5 thousand ha planted and harvested in 2017 by the Group's agricultural subsidiaries. Around 8.5 thousand ha were used for growing various forage crops – corn, barley, perennial grasses. The grown green feed is used for feeding of the animal herds. The remaining around 6 thousand ha were left as fallow. The majority of land left fallow was former KTG group land which needed additional preparation during 2017 for proper seeding and harvesting in 2017/2018 season. Costs incurred on preparation of land left fallow during 2017 totalled to around EUR 3,700 thousand and is capitalized in the balance sheet as current biological assets. The gross profit of the agricultural segment was EUR 13,360 thousand in 2017, out of which around EUR 719 thousand was received from operations in Crimea region. Companies, operating in Crimea region, were sold on 9 February 2018 (for more information see note 31 of the consolidated Group's financial statements for the year ended 31 December 2017). In the table below it is provided gross profit split for cash and forage crops (excluding Crimea region) for year 2015-2017.

Table 24: Gross profit split for cash and forage crops for year 2015-2017*

Item	2017			2016			2015		
	Cash crops	Forage crops	Other**	Cash crops	Forage crops	Other**	Cash crops	Forage crops	Other**
Cultivated land area, thousand ha	18.5	8.5		18.0	6.7		18.8	4.9	
Gross profit before subsidies, EUR'000***	4,333	-		- 239	-		239	-	
Direct subsidies, EUR'000	2,542	1,166		2,470	919		2,377	623	
Organic farming subsidies, EUR'000	2,649	1,002		2,646	825		2,809	609	
Gross profit including subsidies, EUR'000	9,524	2,168	949	4,876	1,745	1,324	5,424	1,232	2,191

* Excluding operations in Crimea region

** Gross profit from sale of previous year harvest, subsidies on land left fallow, subsidies corrections of previous years

*** For accounting purposes production costs of majority of forage crops are used as fair value approximation as there is no market price information. As a result, the gross profit of forage crops is close to zero.

Source: the Company

In addition, for comparison purposes in the table below it is provided gross profit per ha split for cash and forage crops (excluding Crimea region) for year 2015-2017.

Table 25: Gross profit per ha split for cash and forage crops for year 2015-2017*

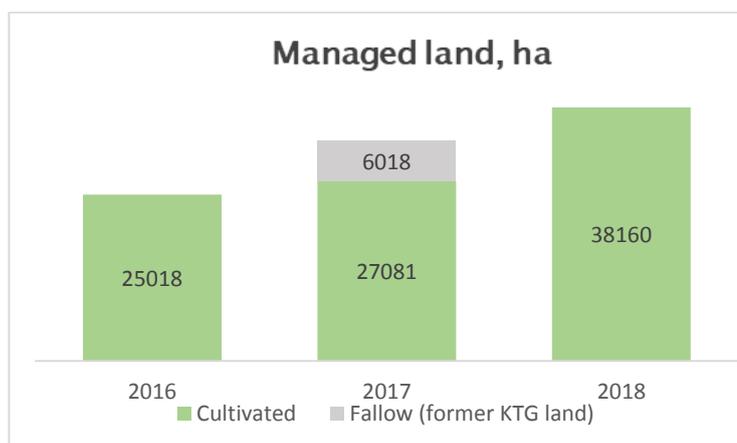
Item	2017		2016		2015	
	Cash crops	Forage crops	Cash crops	Forage crops	Cash crops	Forage crops
Cultivated land area, thousand ha	18.5	8.5	18.0	6.7	18.8	4.9
Average gross profit before subsidies, EUR/ha**	234	-	-13	-	13	-
Average direct subsidies, EUR/ha	137	137	137	137	127	127
Average organic farming subsidies, EUR/ha	143	118	147	123	150	124
Average gross profit including subsidies, EUR/ha	514	255	271	260	289	250

* Excluding operations in Crimea region

** For accounting purposes production costs of majority of forage crops are used as fair value approximation as there is no market price information. As a result, the gross profit of forage crops is close to zero.

Source: the Company

On 26 February 2018, the Company completed the purchase of a 100% share of UAB Raseinių agra for EUR 2.4 million. UAB Raseinių agra was established in October 2017 as a result of spin-off procedure from UAB Agra Corporation, shareholders of which decided to withdraw from agricultural business and to focus in the area of investment property management. UAB Raseinių agra manages around 5.2 thousand ha of agricultural land. More information about this acquisition is provided in note 31 of the consolidated Group's financial statements for the year ended 31 December 2017.



Source: the Company

The Group cultivated around 33 thousand hectares as at 31 December 2017, out of which around 6 thousand hectares were left as fallow in 2017 and will be seeded and harvested in 2017/2018 season. In addition, around 5.2 thousand additional hectares were added to cultivated land in 2018 due to acquisition of Raseinių agra UAB. As a result, the total land area of crops (majority cash crops) will increase by around 11 thousand hectares from around 27 thousand hectares in 2017 to 38 thousand hectares in 2018. Successful completion of cultivated land area expansion and its conversion to organic farming is one of the main focuses of the Group at the moment.

Despite the increase in cultivated land area, it is expected that the total amount of organic subsidies will remain more or less on the same level. Despite transferring to organic farming,

Raseinių agra UAB will not receive organic farming subsidies as all resources of Lithuanian agricultural policy for 2014-2020 branch "Organic agriculture" are already allocated. It is expected that Raseinių agra UAB production will be certified as fully organic in year 2019.

Timely and correct operations on the fields are vital in order to achieve the desired results – therefore the Group plans to continue investments into agricultural equipment dedicated to organic agriculture. Additional investments into agricultural equipment will be needed due to the expanded cultivated land area as well. As during the transition period, the Group plans to undergo various operational tests on sustainable organic farming model for purpose to increase efficiency and yields.

As at 31 December 2017 the Group herd comprised of 3,670 milking cows (2016: 3,554) along with 2,949 heifers (2016: 3,277) grown for replacement of milking cows and 128 bulls (2016: 191). Gross profit of dairy segment was EUR 498 thousand in 2017. The Group annually produces and sells around 11 thousand tonnes of fresh cultural mushrooms. Gross profit of mushroom growing segment was around EUR 981 thousand in 2017.

It is planned that the number of livestock will remain stable. Milk produced by the Group was certified as organic since August 2017, however as at the end of year 2017 not all milk output was sold with an organic price premium. The Group aims to significantly increase the percentage of milk sold with an organic price premium during 2018 nearing to 100% at the end of 2018. Bottled end-consumer products were introduced by the Group in April 2018 which opens new opportunities and sales channels for organic milk sales expansion in both local and export markets. It is generally expected that an organic price premium could be around 30-40% compared to conventional milk prices.

The mushroom growing business is expected to remain in leading positions across the Baltics, with no significant production capacity expansion plans forecasted for the coming years. After full transition to organic of the Group's agricultural subsidiaries in 2017 the mushroom operation can be supplied with a sufficient amount of organic straw, which was the key bottleneck in the past to grow organic mushrooms. Therefore, the Group expects to increase the percentage of production of organic mushrooms and develop new sales markets for this product. It is generally expected that organic mushrooms sales could increase 15-20% annually in the upcoming years while the total amount of mushrooms sold could remain more or less stable. The organic price premium should be around 30-40% compared to conventional mushrooms.

4.12 Profit Forecasts or Estimates

The Issuer is not providing financial forecasts or estimates in the Prospectus.

4.13 Legal Overview

Organic production

The Company and the Group is one of the largest organic farming groups in Europe. It cultivates about 38,160 ha of land and is engaged in crop production, livestock farming, poultry farming and mushroom cultivation. Part of this land (approximately 7,051 ha) is in transition phase from conventional to organic farming. The Management expects that the harvest for the year 2019 will be fully certified as organic. As a player in the organic agricultural sector the Group must comply with legal requirements applicable to organic production both on European Union and national levels:

- (i) Main European Union rules on organic farming are stated in:
 - (a) Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 (the "Regulation 834/2007");

- (b) Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control.
- (ii) Principle national provisions on organic production in the Republic of Lithuania are set out in:
 - (a) The Rules on Organic Farming, approved by the Minister of Agriculture of the Republic of Lithuania by Order No 375, dated 28 December 2000 (the "Rules");
 - (b) The Rules on Labelling of Organic Agricultural and Food Products and Usage of Logo for Organic Agricultural and Food Products, approved by the Minister of Agriculture of the Republic of Lithuania by Order No 3D-2, dated 6 January 2009 (these Rules covers the requirements for labelling with national organic logo).

Control system and adherence to it, documentary evidence

Any entity which produces, prepares or stores organic products in Lithuania, imports them to Lithuania from a third country or places them on the Lithuanian market must notify its activity to the national certification body (i.e. PI Ekoagros). Such notification should be made prior to placing any products on the market as organic or prior to conversion from conventional to organic production activities. All organic production activities and organic products placed on the market must be certified. Organic products certified by Lithuanian certification body may be distributed throughout the EU.

The entities that intend to obtain certification of primary livestock production must also comply with personnel qualification requirements.

PI Ekoagros provides documentary evidence to entities which meet the requirements laid down in Regulation 834/2007 and the Rules. An updated list of entities certified by PI Ekoagros, as well as certificates issued by it are available at: <https://ekoagros.lt/certificates>.

Organic production principles

Organic production is typically subject to the following principles and rules set by European Union and national laws:

- (i) wide crop rotation as a prerequisite for an efficient use of on-site resources;
- (ii) very strict limits on chemical synthetic pesticide and synthetic fertiliser use, livestock antibiotics, food additives and processing aids and other inputs;
- (iii) absolute prohibition of the use of genetically modified organisms;
- (iv) taking advantage of on-site resources, such as livestock manure for organic farming compliant fertiliser or feed produced on the farm;
- (v) choosing plant and animal species that are resistant to disease and adapted to local conditions;
- (vi) raising livestock in free-range, open-air systems and providing them with organic feed;
- (vii) using animal husbandry practices appropriate to different livestock species²⁷.

Labelling

Legal acts also provide strict requirements for use of terms referring to organic production in labelling of processed food, e.g.:

- (i) food may be labelled as organic, only if at least 95% of its ingredients of agricultural origin are organic;
- (ii) ingredients which comply with organic requirements may be labelled as such in non-organic foods. However, the list of ingredients must indicate which ingredients are organic.

²⁷ https://ec.europa.eu/agriculture/organic/organic-farming/what-is-organic-farming_en.

If the terms referring to organic production are used, the following compulsory indications must be provided in the labelling:

- (i) the code of the certification body;
- (ii) organic production logo of the European Union (the "EU organic logo") (not obligatory for organic foods from countries other than Member States of the European Union);
- (iii) If the EU organic logo is used, the place where the agricultural raw materials used in the product have been farmed ("EU Agriculture", "non-EU Agriculture", "EU/non-EU Agriculture").

The national organic logo must also be used in the labelling, presentation and advertising of products which satisfy the requirements for organic production.

Conversion from Conventional to Organic Production

During the period of conversion from Conventional to organic production, all rules of organic production apply. However, in-conversion products may not be labelled, presented and/or advertised as organic.

If the same farm is engaged in both organic and in-conversion to organic production, it must keep organically produced and in-conversion products separate, as well as the animals separate or readily separable. In addition, adequate records to show the separation must be kept in such case.

A particular conversion period depends on a specific type of crop or animal production. As an example, according to the general rule a 3-year period until first harvest applies to perennial crops, 2 years apply for feed, at least 12 months and 3/4 of their life time applies for non-ecological cattle brought to the farm, etc. In certain cases the competent institution may either extend the conversion period or shorten it by recognising previous period as part of the conversion period.

Measures in case of infringements and irregularities

The certification body of the Republic of Lithuania controls compliance of entities with organic production requirements. It has established different levels of non-compliances: from level 1st (minor nonconformities, no impact on organic production) to level 5th (serious infringements, repetitive nature of infringements, negative impact to organic production, unclear origin of production, usage of synthetic materials, etc.). Considering the level of non-compliance, the following sanctions may be imposed:

- (i) warnings for 1st and 2nd level non-compliances;
- (ii) non-certification of organic farming activities and/or production for 3rd to 5th level non-compliances.

In addition, if organic production requirements are breached, the references to organic production in the labelling and/or advertising of the entire lot or production affected by such non-compliance is prohibited. In case of a severe infringement or an infringement with prolonged effect, the marketing of products which refer to the organic production method in the labelling and advertising may be prohibited for a specific period.

Feed production

Group Companies engaged in feed production must comply with the relevant legal requirements, including:

- (i) Regulation (EC) No 1831/2003 of the European Parliament and of the Council of 22 September 2003 laying down requirements for feed hygiene;
- (ii) Regulation (EC) No 767/2009 of the European Parliament and of the Council of 13 July 2009 on the placing on the market and use of feed, amending European Parliament and

- Council Regulation (EC) No 1831/2003 and repealing Council Directive 79/373/EEC, Commission Directive 80/511/EEC, Council Directives 82/471/EEC, 83/228/EEC, 93/74/EEC, 93/113/EC and 96/25/EC and Commission Decision 2004/217/EC;
- (iii) the Law of the Republic of Lithuania on Feed.

Entities engaged in feed business should generally be registered with or approved by the State Food and Veterinary Service. The Approval is necessary for operations involving more sensitive substances, such as feed additives, premixtures, compound feeding stuffs.

Entities engaged in feed business should also:

- (i) ensure safety and quality of feed;
- (ii) respect traceability and labelling requirements;
- (iii) act in compliance with feed hygiene standards.

Farming of cattle, dairy farming

The Group Companies engaged in farming of cattle, as well as producing and selling raw milk must also comply with relevant legal requirements, including the Rules on Purchase of Milk, approved by the Minister of Agriculture of the Republic of Lithuania by Order No 146, dated 9 May 2001.

According to the said Rules, the producers of raw milk are required:

- (i) to act as managers or partners of an agricultural estate;
- (ii) to have dairy cows registered in the Register of Farm Animals in their own name;
- (iii) to keep records of farm animals in accordance with legal acts;
- (iv) to keep medical records of persons directly performing milking and milk treatment;
- (v) to prepare and present particular amount of milk (which is in compliance with legal acts) on particular time (as agreed in the contract with a purchaser) to a milk purchase place;
- (vi) to submit an export report (i.e. enter into particular information system the details on the milk sold on its behalf for processing in an economic entity registered in another country of the European Union) and other information required;
- (vii) to sell milk only on the basis of a written contract with the purchaser.

Other requirements

The entities engaged in organic production activities must also observe general legal requirements applicable to food and feed production and distribution, as well as animal welfare and plant protection standards.

Prohibition of unfair commercial practices

In order to reduce imbalance of bargaining power between agricultural market players, the Law of the Republic of Lithuania on Settlement for Agriculture Products sets out mandatory provisions for sale-purchase agreements of agricultural products (including milk and grain). The law provides periods of payment, delay interest, compensation of expenses for enforcing the payments, sample unfair contractual provisions and commercial practices, etc. The Minister of Agriculture of the Republic of Lithuania has also approved forms of sale-purchase agreements for milk and for grain.

The payments for sale of raw milk and grain should be made as follows:

- (i) in 30 days from the end of supply period for regularly sold raw milk;
- (ii) 50% from estimated price in 30 days from delivery of grain, and the rest 50% – within 60 days from delivery.

The Law of the Republic of Lithuania on Prohibition of Unfair Actions of Entities Buying-Selling Raw Milk and Marketing Dairy Products specifically prohibits such unfair terms and practices as:

- (i) unilateral termination of a sale-purchase agreement of raw milk without notice to the other party within the period laid down by the agreement (not less than 30 days);
- (ii) change of contractual conditions without notice to the other party within the period laid down by the agreement;
- (iii) purchase and sale of raw milk without a sale-purchase agreement.

Other contractual terms and commercial practices may be recognised as unfair taking into account all relevant circumstances, including: (i) significant deviation from good commercial practices, breach of good faith; (ii) the character of agricultural products; (iii) the circumstance whether the buyer deviated from the rate of interest, the payment period or the amount of expenses for objective reasons.

Requirements for Acquisition and Management of Agricultural Land

Group Companies own a total of 601 agricultural land plots with total area of approx. 3,144 ha and 41 land plots with total area of approx. 69 ha which main purposes of use is either "other" or "forestry". Group Companies lease a total of 7,246 agricultural land plots with total area of approx. 34,022 ha. Therefore, total area of agricultural land cultivated by the Group Companies amounts to approx. 38 thousand ha (both owned and leased).

As a player in the agricultural sector the Group Companies must comply with legal requirements applicable to acquisition and lease of agricultural land. Principle national provisions on acquisition and lease of agricultural land in the Republic of Lithuania are set out in the following legal acts:

- (a) the Law on the Acquisition of Agricultural Land;
- (b) the Law on Land;
- (c) the Civil Code;
- (d) the Rules for the sale of state-owned agricultural land plots and the Rules for the lease of state-owned agricultural land plots approved by the Government of the Republic of Lithuania by Order No 236 of 18 February 2003 (as amended from time to time).

Maximum area of agricultural land being acquired into ownership

The Law on the Acquisition of Agricultural Land sets forth maximum area of agricultural land that may be acquired into ownership by a single person or a group of associated persons, i.e.:

- (a) maximum of 300 ha agricultural land which is acquired from the state;
- (b) maximum a total of 500 ha agricultural land (acquired both from the state and private persons or entities).

Associated persons are defined as:

- (a) legal entities that directly or indirectly hold more than 25 per cent of the shares (rights, member shares) granting the right to vote at the meeting of participants of a legal entity;
- (b) legal entities, in which the same person or persons hold more than 25 per cent of the shares (rights, member shares) granting the right to vote at the meeting of participants.

The limitation regarding maximum area of agricultural land is not applicable if agricultural land is acquired for livestock farming development. However, the quantity of acquired agricultural land should not exceed the number of hectares per livestock unit held by the person (1 livestock unit / 1 hectare). If the number of livestock units decreases over the last three years (except for decrease due to circumstances beyond the person's control) or the person intends to transfer the land to third parties, the state must buy out such area at the average market value. However, legislation is not clear enough whether in such cases the state has an obligation to purchase agricultural land plot or it has a pre-emptive right to do so.

The above regulation came into force from 1 January 2014. Until then each legal entity regardless of whether it belonged to a group of companies could acquire up to 500 ha of land (or even 2,000 ha as it was allowed until 27 July 2004). The amendments of the Law on the Acquisition of Agricultural Land which set provisions regarding maximum area of agricultural

land for “associated persons” do not have retroactive validity. It could thus be assumed that current legislation does not prohibit owning of land exceeding maximum limits, provided it was acquired before the amendments came into effect.

Acquisition of agricultural land

Both natural persons or legal persons may acquire agricultural land in Lithuania subject to certain restrictions:

- (a) the land must be used for agricultural activity for at least 5 years after its acquisition, minimum annual volume of such activity per hectare is set by the Minister of Agriculture of the Republic of Lithuania;
- (b) acquisition should not breach maximum limits for area of owned agricultural land.

The following persons have a pre-emptive right to acquire private agricultural land on the same terms and conditions, including the price, in the following order of priority by:

- (a) co-owners of a land plot;
- (b) the user of the same land plot who has used this land for agricultural activity for at least 1 year;
- (c) owners of neighbouring agricultural land plots, provided certain conditions related to agricultural activities of these persons are satisfied;
- (d) residents or legal entities registered in the same or neighbouring municipality, provided certain conditions related to agricultural activities of these persons are satisfied.

The pre-emptive right does not apply, if land is sold at a public auction.

Unoccupied state-owned agricultural land may not be offered for sale, except certain exceptions provided by the law.

Prior to the transaction the buyer must declare that requirements on maximum area of agricultural land will not be breached after the transaction. The buyer is responsible for the accuracy of such data. If the requirements on maximum limits are breached, such land must be transferred into state ownership by a court judgment based on the claim filed by the prosecutor. The owners are reimbursed at the acquisition price or the average market value, whichever is lower.

Acquisition of land is subject to the permission of the National Land Service under the Ministry of Agriculture.

Lease of agricultural land

There is no specific (exclusive) regulation regarding lease of private agricultural land. According to the Civil Code of the Republic of Lithuania upon expiry of the land lease term the former tenant enjoys pre-emptive right to conclude a new land lease contract on the same conditions as other persons/potential leases, provided the tenant duly performed the duties under the land lease contract.

In addition to general requirements, lease of state-owned land is subject to certain additional requirements, including:

- (a) maximum lease term is 25 years. However, the agreement may be renewed by the lessee, who properly performed the obligation, unless the land plot is foreseen for other use;
- (b) land plots are usually leased out without an auction (with certain exceptions). Natural persons who have registered a farm or hold relevant professional education, and agricultural producers (legal entities) with annual revenue from agricultural products above 50% have pre-emptive right to lease out the land;
- (c) the lease fee is calculated based on the value of the land plot, which determined according to land valuation maps, at a rate approved by the municipal council. The lessor is entitled

to recalculate the value of the land plot, which serves as the basis for calculation of the fee, every three years.

4.14 Administrative, Management and Supervisory Bodies and Senior Management

The Issuer has a three-tier management system, i.e. Supervisory Council, Management Board and the Manager (General Manager). Business addresses of all the indicated bodies of the Company are Konstitucijos ave. 21C, 08130 Vilnius, Lithuania.

The Supervisory Council is a collegial supervisory body, which is responsible for supervising the activities of the Company and its management bodies, the appointment and removal of the members of the Management Board, submitting its comments and proposals to the General Meeting on the Company's operating strategy, sets of financial statements, drafts of profit/loss appropriation, the reports of the Company, the activities of the Management Board and the General Manager, submitting proposals to revoke decisions of the Management Board or the General Manager, etc.

The Management Board is a collegial management body, which is responsible for the strategic management of the Company, the appointment and removal of the Manager of the Company (the General Manager), calling the General Meetings, adoption of other corporate decisions which are economically feasible for the Company, etc.

The General Manager is responsible for the day-to-day management of the Company and enjoys the exclusive right of representing the Company vis-à-vis third parties.

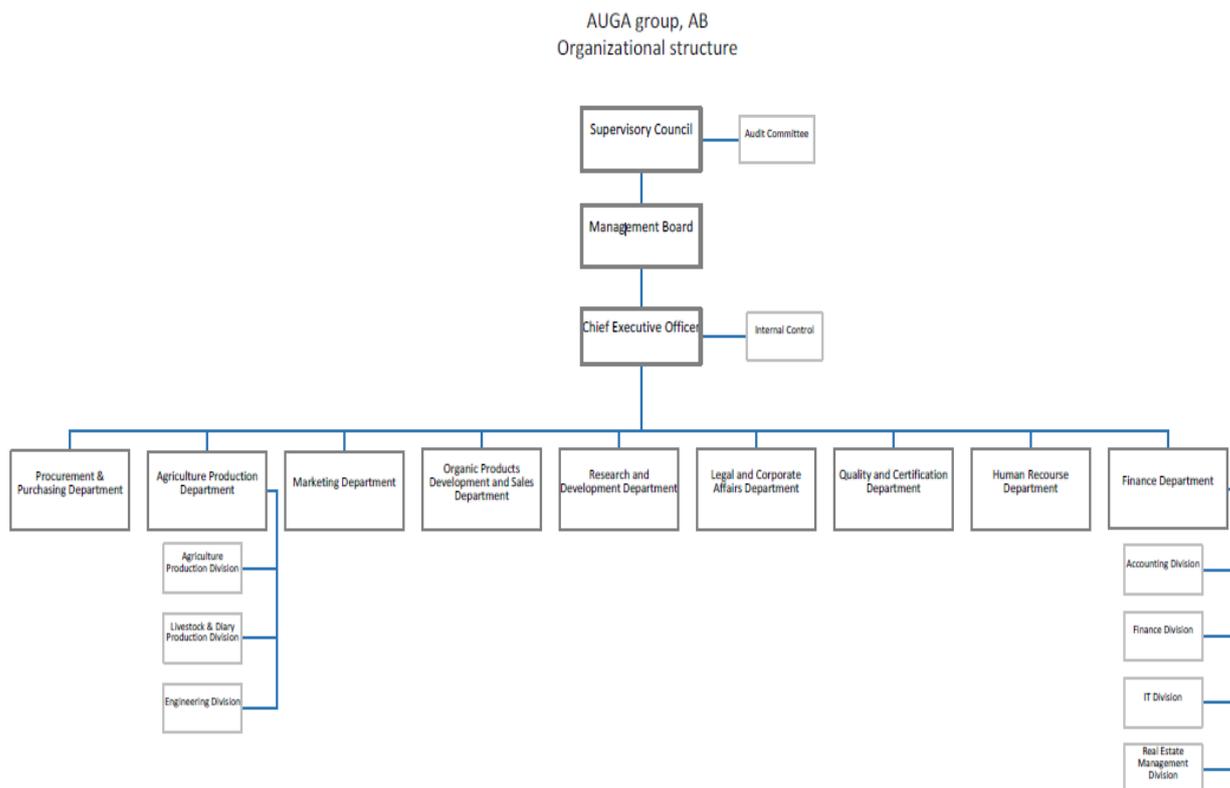
The competences of the aforementioned bodies of the Company are indicated in Section 4.21.2 *Articles of Association* in detail.

In addition, the Company employs several Key Executives: the General Manager, the Chief Financial Officer, the Development and Sales of Organic Products Manager, the Marketing Manager and the Agriculture Production Manager.

4.14.1 Management Structure of the Company

Detailed management system of the Issuer is provided in the scheme below.

Scheme 2: Management system of the Issuer



Source: the Company

4.14.2 Members of the Administrative, Management and Supervisory Bodies and Key Executives of the Company

Table 26: Members of management and supervisory bodies

Name, surname	Position within the Issuer	Beginning of current term	End of term
Supervisory Council			
Vladas Lašas	Chairman of the Supervisory Council	31.01.2017	Until 31.01.2019, in any case not later than until the ordinary General Meeting in 2019
Rimantas Rudzkis	Member of the Supervisory Council	31.01.2017	Until 31.01.2019, in any case not later than until the ordinary General Meeting in 2019
Liudas Navickas	Member of the Supervisory Council	31.01.2017	Until 31.01.2019, in any case not later than until the ordinary General Meeting in 2019
Management Board			
Kęstutis Juščius	Chairman of the Management Board	07.02.2017	Until 07.02.2019, in any case not later than until the ordinary General Meeting in 2019

<i>Name, surname</i>	<i>Position within the Issuer</i>	<i>Beginning of current term</i>	<i>End of term</i>
Linās Bulzgyš	Member of the Management Board	07.02.2017	Until 07.02.2019, in any case not later than until the ordinary General Meeting in 2019
Linās Strėlis	Member of the Management Board	07.02.2017	Until 07.02.2019, in any case not later than until the ordinary General Meeting in 2019
Marijus Bakas	Member of the Management Board	07.02.2017	Until 07.02.2019, in any case not later than until the ordinary General Meeting in 2019
Agnė Jonaitytė	Member of the Management Board	07.02.2017	Until 07.02.2019, in any case not later than until the ordinary General Meeting in 2019

Source: the Company

According to the Law on Companies, the tenure of the Supervisory Council and Management Board shall be indicated in the Articles of Association and may not last longer than until the annual General Meeting convened in the last year of the tenure of the respectively Supervisory Council or Management Board. There is no limitation on the number of terms of office a member of the Supervisory Council and Management Board may serve.

Supervisory Council

All of the members of the Supervisory Council are independent.

Vladas Lašas. Education – Vladas Lašas graduated from the Kaunas Technology University, Faculty of Automatics in 1979. In 1988 he defended a doctoral dissertation at this University. From 1979 until 1996 Vladas Lašas lectured and worked a research work at the Kaunas Technology University. From 1996 until 2016 he was the Manager at the representative office of UPS Skubios siuntos UAB, and from 2016 he is the Deputy Manager in this Company. Vladas Lašas holds 40% of shares in LVV Grupė UAB (it comprises of Skubios siuntos UAB and Foneta UAB), 34.5% of shares in Elinta UAB and 34.5% of shares in Elinta Motors UAB. As the business angel he has invested into a number of start-ups in Lithuania and abroad, holding from 0.5% until 2.5% of shares thereof.

Rimantas Rudzkis. Education – Rimantas Rudzkis graduated from Kaunas Polytechnic Institute in 1973, speciality of computation technology, diploma of an engineer mathematician. In 1978, he got a PhD in Mathematics; in 1993, he became Doctor Habilitus in Mathematics. In 1996, Rimantas Rudzkis became a Professor. He currently works as a senior researcher in the Vilnius University Institute of Mathematics and Informatics (he has worked in the Institute of Mathematics and Informatics since 1974). Rimantas Rudzkis serves as the member of the Management Board of Research Council of Lithuania (since December 2017). He also worked as the Head of the Modelling Division of the Bank of Lithuania, as a senior analyst in SEB and DNB (currently Luminor) banks. Rimantas Rudzkis holds no shares in other companies.

Liudas Navickas. Education – Kaunas Technological University, electronical engineer (1976) and Vilniaus University, economist (1982). Work activity: Šiaulių banko investicijų valdymas UAB – CEO (2000-2011), Pavasaris UAB – CEO (2005-2011), PME Capital – CEO (from 2011 till now).

From 1993 till now Liudas Navickas is a partner in the Juridical consulting firm Investicija, holding 57.12% of shares. Liudas Navickas is also a minor shareholder (less than 1%) of Telia Lietuva AB, Linas Agro Group AB, Šiaulių bankas AB, Vodafone Group PLC, GDF Suez and Commerzbank.

Management Board

Kęstutis Juščius. Education – Kęstutis Juščius graduated from the Vilnius University, Bachelor’s in Business Administration (1995). Kęstutis Juščius currently holds the position of the Chairman of the Management Board of Baltic Champs Group UAB. In 1994 Kęstutis Juščius started champignon cultivation business in Kęstutis Juščius farm. The business of the Kęstutis Juščius farm was transferred to Baltic Champs UAB on 1 August 2013. As from 12 February 2012 Kęstutis Juščius was working as a deputy Manager and Chairman of the Management Board of Baltic Champs Group UAB. He is also a President at the Association of Lithuanian Mushroom Producers and Processors (in Lithuanian *Lietuvos grybų augintojų ir perdirbėjų asociacija*). Currently he holds 100 percent of shares in these companies – Baltic Champs Group UAB, Sampinjonid OÜ and Champs Polska sp.z o.o.

Linus Bulzgys. Educational qualifications – Bachelor’s degree in Finance from the Vilnius University (1995), Master’s in Sciences of Economics (Banking Type) from the Vilnius University (1997), The Association of Chartered Certified Accountants (UK), full membership obtained (2005). Career history prior joining the Group: Head of securities trading division at Bank Snoras (1994-1998), Auditor at PricewaterhouseCoopers (1998-1999), Chief Financial Officer at JTI (Japan Tobacco International) Baltics region (2000-2006), Chief Financial Officer at Neo Group UAB (Retail Industries) (2006-2007), Chief Executive Officer at Neo Group UAB (Retail Industries) (2007-2012), Regional President at Retail Industries Europe (Retail Industries) (2012-2014 Q1). Linus Bulzgys holds 33 percent of shares in Spaudos grupė UAB.

Linus Strėlis. Linus Strėlis is a member of the Management Board since 2007. In addition, he also serves as a member of the Management Board of Vilkyškių pieninė AB (since 2008). He also occupies the position of the Chairman of the Council of the Social Companies Association (since 2005). At the same time, Linus Strėlis acts as the manager in Biglis UAB (since 1995) and in LS Capital UAB (since 1993), member of the Management Board of East West Agro AB (since 2018) and of Umega AB (since 2016) and member of the Supervisory Council of Preses namas SIA (2017). Prior to joining the Group, he was the Chairman of the Management Board of Kelmės pieninė AB (2004–2008), member of the Management Board of Rokiškio sūris AB (2004–2006) of Hermis Capital UAB (2011-2012) and of Football club “Ekranas” (2005-2014), Manager (2002–2005) and Chairman of the Management Board (2005-2013) in Amber pasta UAB. Linus Strėlis is a graduate of Machine production faculty, Kaunas Polytechnic Institute (2001). Linus Strėlis holds 100% of shares in Biglis UAB and 50% of shares in Somera UAB.

Marijus Bakas. Education – Marijus Bakas graduated from the Vilnius University, Faculty of Economics, obtaining the Master’s degree in Municipal Economics. From the year 1995 till 2001 he was the Deputy Manager of Kesma UAB. Marijus Bakas holds 50% of shares in Kesma UAB.

Agnė Jonaitytė. Education – Agnė Jonaitytė graduated from the Vilnius University, Faculty of Law in the year 2004 and holds the Master’s degree in Law. In 2005, she has also finished the LL.M studies in the London University in banking and finance law. From 2002 till 2006 she was the lawyer at law firm Glimstedt, from 2006 till 2011 – Senior Associate at law firm Sorainen, from 2012 till 2017 – Associate Partner at law firm Ellex. Agnė Jonaitytė joined the Group in 2017. She does not hold shares in any entity. However, starting from February 2017 she is the attorney at law and the law firm of attorney at law A. Jonaitytė.

Table 27: Key Executives

Name, surname	Position within the Issuer	Beginning of term	End of term
Administration			
Linus Bulzgys	General Manager (CEO)	6 May 2015	Indefinite

<i>Name, surname</i>	<i>Position within the Issuer</i>	<i>Beginning of term</i>	<i>End of term</i>
Martynas Repečka	Finance Director, Chief Financial Officer (CFO)	15 May 2017	Indefinite
Vaidas Mickus	Agriculture Production Manager	21 March 2017	Indefinite
Laurynas Miškinis	Development and Sales of Organic Products Manager	22 February 2016	Indefinite
Gediminas Judzentas	Marketing Manager	20 January 2016	Indefinite

Source: the Company

The Key Executives have employment relations with the Company which are of unlimited duration. Under the Law on Companies the General Manager may be revoked from the position by the Management Board of the Company without any early notice for any cause. Other Key Executives may be dismissed from the Company only on the grounds and following the procedure indicated in the Labour Code of the Republic of Lithuania.

Key Executives

Martynas Repečka. Martynas Repečka graduated from the Vilnius University, Faculty of Economics (in 2004-2010), where he gained a Masters' degree. From 2008 till 2009 he was the Economist/Senior Economist at VST AB, from 2009 till 2016 he was the Manager of Economics Division/Economics and Finance Department at Lietuvos paštas AB. From 2013 till 2016 he was the member of the Management Board and Manager of Business Development and Analysis Division at Baltic Post UAB. From 2016 till 2017 he was the CFO at Vilniaus vandenys UAB. Martynas Repečka does not hold shares in any entity.

Vaidas Mickus. Educational qualifications – Bachelor of science degree in Business Administration obtained from the Vilnius University (1992-1996), Master of science degree in Accounting and auditing obtained from the Vilnius University (1996-1998). Career history prior joining the Group: TILTRA GROUP, Head of Finance Department (May 2008 – December 2011), Company group ALITA AB, CEO (April 2011 – February 2015), Kėdainių oda UAB, Chairman of the Management Board, CFO (May 2015 – April 2017).

Laurynas Miškinis. Laurynas Miškinis graduated from the Vilnius University, International Trade School. From 2013 till 2016 he was the Manager of Purchases Department at Aljansas AIBĖ UAB, from 2010 till 2013 he was the Manager of segment "Labas" at Bitė Lietuva UAB, from 2002 till 2009 he was the Manager of Commerce and Marketing at Vilniaus degtinė AB. From 2004 till 2009 he was also a Marketing Manager at Belvedere prekyba UAB and from 1999 till 2002 – General Manager at Balt Risk UAB.

Gediminas Judzentas. Gediminas Judzentas graduated from the Vilnius University, Faculty of Mathematics and Informatics (in 2000), where he gained a Bachelor's degree. In 2002 he finished the 2nd tier business management studies in the International Trade School in Vilnius University and in 2015 – Managers Master's studies at the Baltic Management Institute, accredited in the Kaunas Vytautas Magnus University. From 2010 till 2012 he was the Manager of Trade Marketing at Kraft Foods UAB (current name Mondelez UAB), from 2012 till 2016 he was the Marketing Manager at company group ALITA AB. Gediminas Judzentas holds 50% of shares in Orivega UAB.

4.14.3 Shares Held by the Management of the Company

Information on the Shares of the Company held by the members of the Supervisory Council, Management Board and the Key Executives as of the date of this Prospectus is indicated in Table below:

Table 28: Shares held by the members of the Supervisory Council, Management Board and the Key Executives as of the date of this Prospectus²⁸

<i>Name, surname</i>	<i>Position in the company</i>	<i>Owned shares in the Company, units</i>	<i>Owned shares in the Company, %</i>
Kęstutis Juščius	Chairman of the Management Board	1,392	0.0007
Marijus Bakas	Member of the Management Board	39,062	0.021

Source: the Company

Kęstutis Juščius (Chairman of the Management Board) is the sole shareholder in Baltic Champs Group UAB, which holds 88.13% of Shares.

As of the date of the Prospectus there were no share options held by any member of Supervisory Council, Management Board or Administration.

4.14.4 Principal Activities Outside the Company of Members of the Management and Supervisory Bodies

Table 29: Current and past principal activities of members of administrative, management and supervisory bodies²⁹

<i>Name, surname</i>	<i>Entity, position held</i>	<i>From/till (if the position is not currently held)</i>	<i>Percentage of capital controlled, %</i>
Linus Strėlis	Biglis UAB, CEO	1995	100
	LS Capital, Manager	1993	-
	Socialinių įmonių asociacija, Chairman of the council	2005	-
	Vilkyškių pieninė AB, member of the Management Board	2008	-
	Somera UAB	2008	50
	Umega AB, member of the Management Board	2016	-
	Preses nams SIA, member of the Supervisory Council	2017	-
	East West Agro AB, member of the Management Board	2018	-
	Hermis Capital UAB, member of the Management Board	From 2011 till 2012	-
	Amber pasta UAB, Chairman of the Management Board	From 2005 till 2013	-
	Association Panevėžio futbolo klubas Ekranas (football club), member of the Management Board	From 2005 till 2014	-
Kęstutis Juščius	Baltic Champs Group UAB, Chairman of the Management Board	2013	100
	Association of Lithuanian Mushroom Producers and Processors (in Lithuanian <i>Lietuvos</i>	2013	-

²⁸ Members of the Supervisory Council, Management Board or Key Executives, who are not included in this Table, do not hold any Shares in the Company.

²⁹ Members of the administrative, management and supervisory bodies of the Company, who are not included in this Table, do not occupy other positions in supervisory or management bodies of any other entities, except the Company.

Name, surname	Entity, position held	From/till (if the position is not currently held)	Percentage of capital controlled, %
	<i>grybų augintojų ir perdirbėjų asociacija</i>), President		
	Mycela SA, Chairman of the Supervisory Council	From 2008 till 2017	-
	AUGA Ramučiai UAB, CEO	From 2012 till 2015	-
	Karwacki kompost sp.z o.o., President	2013	-
Liudas Navickas	Nuklono gamyklos įmonių asociacija, Manager	2017	-
	Domeina UAB, Consultant on investment issues	From 2015 till 2016	-
	PME Capital UAB, CEO	From 2011 till 2015	-
	Juridical consulting firm Investicija, partner	1993	57.12
Linus Bulzgys	AgroGIS UAB, Manager	20-09-2017	-
	AGROSS UAB, Manager	02-05-2017	-
	Agrotechnikos centras UAB, Manager	02-05-2017	-
	Arnega UAB, Manager	02-05-2017	-
	AVG investment UAB, Manager	02-05-2017	-
	AWG investment 1 UAB, Manager	02-05-2017	-
	AWG investment 2 UAB, Manager	02-05-2017	-
	Bukonių ekologinis ūkis UAB, Manager	02-05-2017	-
	eTime invest UAB, Manager	02-05-2017	-
	Gustonys ŽŪB, Chairman	02-05-2017	-
	Kašėta Cooperative entity, Chairman	02-05-2017	-
	Siesarčio ūkis Cooperative entity, Chairman	02-05-2017	-
	Traktorių nuomos centras UAB, Manager	02-05-2017	-
	Žalmargėlis Cooperative entity, Chairman	02-05-2017	-
	Žemės fondas ŽŪB, Chairman	02-05-2017	-
	Žemės vystymo fondas 10 UAB, Manager	02-05-2017	-
	ŽVF projektai UAB, Manager	30-05-2017	-
	Retal Industries Europe, Regional President	From 2012 till 2014	-
Martynas Repečka	Agrar Betygala UAB, Manager	02-10-2017	-
	Agrar Dubysa UAB, Manager	02-10-2017	-
	Agrar Gaja UAB, Manager	02-10-2017	-
	Agrar Gėluva UAB, Manager	02-10-2017	-
	Agrar Kvistė UAB, Manager	02-10-2017	-
	Agrar Luoba UAB, Manager	02-10-2017	-
	Agrar Mažeikiai UAB, Manager	02-10-2017	-
	Agrar Mituva UAB, Manager	02-10-2017	-

<i>Name, surname</i>	<i>Entity, position held</i>	<i>From/till (if the position is not currently held)</i>	<i>Percentage of capital controlled, %</i>
	Agrar Nerys UAB, Manager	02-10-2017	-
	Agrar Pauliai UAB, Manager	02-10-2017	-
	Agrar Raudonė UAB, Manager	02-10-2017	-
	Agrar Varduva UAB, Manager	02-10-2017	-
	Agrar Venta UAB, Manager	02-10-2017	-
	Agronuoma UAB, Manager	02-10-2017	-
	KTG Grūdai UAB, Manager	02-10-2017	-
	VL Investment Vilnius 12 UAB, Manager	10-10-2017	-
	AgroSchool OÜ, member of the Management Board	10-10-2017	-
	Ave-Martna Capital OÜ, member of the Management Board	10-10-2017	-
	Hindaste Invest OÜ, member of the Management Board	10-10-2017	-
	Hobring Invest OÜ, member of the Management Board	10-10-2017	-
	Nakamaa Agro OÜ, member of the Management Board	10-10-2017	-
	Pahasoo OÜ, member of the Management Board	10-10-2017	-
	Palderma Partners OÜ, member of the Management Board	10-10-2017	-
	Rukkirahu Capital OÜ, member of the Management Board	10-10-2017	-
	Turvaste Partners OÜ, member of the Management Board	10-10-2017	-
	Tuudi River OÜ, member of the Management Board	10-10-2017	-
	Vilniaus vandenys UAB, Manager of the Finance Authority	From 03-2016 till 05-2017	-
	Baltic Post UAB, member of the Management Board and Manager of Business Development and Analysis Division	From 03-2013 till 02-2016	-
	Lietuvos paštas AB, Manager of Economics and Finance Department	From 11-2009 till 02-2016	-
Vaidas Mickus	TILTRA GROUP, Head of Finance Department	From May 2008 till December 2011	-
	Company group ALITA AB, CEO	From April 2011 till February 2015	-
	Kėdainių oda UAB, Chairman of the Management Board, CFO	From May 2015 till April 2017	-
Marijus Bakas	Baltic Champs UAB, Manager of the Department	31-07-2013	-
	Farmer Kęstutis Juščius, Manager of the Department	From 04-06-2001 till 31-07-2013	-
Vladas Lašas	LVV Grupė UAB, Manager	2016	40

Name, surname	Entity, position held	From/till (if the position is not currently held)	Percentage of capital controlled, %
	Skubios siuntos, Manager, Deputy Manager	1996	–
	Globalios Lietuvos lyderiai VŠĮ, Chairman of the Management Board	2011	–
	Lietuvos Junior Achievement VŠĮ, Chairman of the Management Board	2015	–
	Lietuvos verslo angelų asociacija LitBAN VŠĮ, Chairman of the Management Board	2018	–
Gediminas Judzentas	Company group Alita AB, Marketing Manager	From 2012 till 2016	–
Laurynas Miškinis	Aljansas AIBĖ UAB, Manager of Purchases Department	From 2013 till 2016	–
	Bitė Lietuva UAB, Manager of segment "Labas"	From 2010 till 2013	–

Source: the Company

4.14.5 Declarations

To the best knowledge of the Company, save as otherwise indicated in paragraph below, for the last five years neither any member of the Supervisory Council, Management Board nor any Key Executive of the Company (i) was convicted for any fraud offences, (ii) was associated with any bankruptcies, receiverships or liquidations in their capacity as members of the administrative, management or supervisory bodies, partners with unlimited liability, founders or senior managers, or (iii) was subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the Company or from acting in the management or conduct of the affairs of any entity.

On 26 April 2017 the Bank of Lithuania imposed an administrative penalty of EUR 150 on the General Manager Mr. Linas Bulzgys for not ensuring that the Company complied with the request of the Bank of Lithuania not later than by 1 March 2017 to re-evaluate 100% of shares of eTime invest UAB, which was used as the payment for part of the authorised capital of the Company, and, if it would be established that the Shares of the Company are not fully paid up, to ensure that this situation is rectified retrospectively according to the requirements of laws.

4.14.6 Conflicts of Interest of Members of the Administrative, Management and Supervisory Bodies and Key Executives

As indicated in the Section 4.14.3 *Shares Held by the Management of the Company* Kęstutis Juščius and Marijus Bakas are direct (Kęstutis Juščius also indirect) shareholders of the Company. Thus, it is possible that the indicated shareholders of the Company may favour their own interests rather than those of the Company.

Apart from the above, the Company is not aware of any potential conflict of interests between any duties to the Company of the members of the Supervisory Council, the Management Board or the Key Executives of the Company.

Furthermore, none of the members of the Management Board is related to any other member of this body as well as to any other member of the Supervisory Council and/ or the Key Executives by blood or marriage.

4.15 Remuneration and Benefits

All members of the Management Board and Key Executives received salaries as the form of compensation (except for the Management Board member Agnė Jonaitytė, who was paid a remuneration for legal services). Since the appointment of the Supervisory Council and the Management Board, members of these bodies also have a right to receive bonuses (tantems).

Table below summarizes salaries and other payments calculated for the Management Board members and the Key Executives (total of 12 persons).

Table 30: Remuneration paid during 2017 (EUR)

<i>Item</i>	<i>Salaries in 2017</i>	<i>Other payments (fees for provided legal services) in 2017</i>	<i>Total payouts in 2017</i>
Average for 1 member	45,257	11,731	56,988
Total amount for all members of the Management Board and the Key Executives	407,315	105,581	512,896

Source: the Company

The Group has not set aside or accrued any amounts to provide pension, retirement or similar benefits to any member of the Supervisory Council, Management Board or Key Executive of the Company.

Members of the Supervisory Council did not receive any payments from the Company or from the Subsidiaries.

Furthermore, there are no loans granted by the Group to the members of the Supervisory Council, Management Board or the Key Executives of the Company.

4.16 Board Practices

Severance Payments

According to the Labour Code of the Republic of Lithuania, those who are employed in any Group Company under an employment agreement are entitled to severance payments upon termination of their employment (except for certain termination grounds, such as on one's own will, due to the employee's fault, etc.). Apart from such statutory payments, the employment agreements entered between the members of the Supervisory Council, Management Board and/or Key Executives and respective Group Companies do not provide for any other severance payments or benefits upon termination of such agreements.

Audit Committee

The current members of the Audit Committee were elected on 7 February 2017 according to the decisions of the Supervisory Council.

According to the Regulations of the Audit Committee the main functions of this committee are as follows:

- to observe the integrity of financial information provided by the Company with particular attention to the relevance and consistency of methods used by the Company and the Group;
- at least once a year to review internal controls and risk management systems to ensure that the main risks (including the risk associated with compliance with the existing laws and regulations) are properly established, managed and information of them is disclosed;

- to ensure the effectiveness of internal control functions;
- to make recommendations to the Supervisory Council with regard to the selection of external audit firm, its appointment, reappointment and dismissal, and to the terms and conditions of agreement with the audit firm. The Committee shall examine situations in which the audit firm or an auditor has a basis to resign, and provide recommendations on actions required in such case;
- to monitor the independence and objectivity of the external audit firm, to check whether the audit firm takes into account the requirements in relation to the audit partner rotation, inspect the amount of remuneration paid by the Company to the audit firm and other matters, etc.;
- to check the effectiveness of the process of the external audit and the reactions of the administration to the recommendations, which the audit firm provides in the letter addressed to the management;
- to decide and to confirm if the Committee is satisfied with the independence of the process of the audit, briefly describing actions, which were taken, to adopt such decision;
- to inform the Supervisory Council on the results of the audit of the financial statements and to explain how this audit contributed to the reliability of financial statements and what was the role of Audit Committee performing it;
- to monitor the financial reporting process and to submit recommendations on ensuring the liability of it;
- to monitor the effectiveness of the Company's internal quality control and risk management systems, having impact on the Company's financial statements;
- to monitor the audit of annual financial statements and consolidated financial statements, especially paying attention to its performance, considering established deficiencies of audit of financial statements during inspection of the Company and reached conclusions;
- to review and monitor the independence of the auditors and audit firms;
- to be responsible for the execution of the selection of the auditors' or audit firms' procedure and provision of recommendation, which auditors or audit firms should be chosen;
- according to the Manager's provided information and evaluation, to provide to the Company the opinion regarding the transactions with related parties, which should indicate if the transaction is concluded according to the market conditions, if the transaction is fair and justified by the aspects of the Company and shareholders, who are not the parties of the contract and to provide assumptions, criteria and arguments by which this opinion is based on.

The table below indicates the elected members of the Audit Committee. All of them are independent.

Table 31: Members of the Audit Committee of the Company

<i>Name</i>	<i>Position within the Company</i>
Audit Committee	
Liudas Navickas	Chairman of the Audit Committee, Member of the Supervisory Council
Vladas Lašas	Member of the Audit Committee, Chairman of the Supervisory Council
Rimantas Rudzkis	Member of the Audit Committee, Member of the Supervisory Council

Source: the Company

The Company has not formed Nomination and Remuneration committees.

Compliance with the Corporate Governance Regime

The Issuer does not follow some of the requirements of the WSE Corporate Governance Code and Nasdaq Vilnius Corporate Governance Code to their full extent. However, the Company aims and puts efforts to improve its compliance with the latter codes to as to better meet the expectations of its investors. Detailed information on the compliance of the Issuer with these corporate governance regimes is provided in the annex to the Annual Report for the year 2017 of the Company. The statements included therein are valid as at the date of this Prospectus.

4.17 Employees

Table 32: Employees' distribution between management, administration and Group Companies' workforce

Item	As of 31 March 2018		As of 31 December 2017		As of 31 December 2016		As of 31 December 2015	
	Number of employees	Average monthly gross salary, EUR	Number of employees	Average monthly gross salary, EUR	Number of employees	Average monthly gross salary, EUR	Number of employees	Average monthly gross salary, EUR
	<i>unaudited</i>		<i>audited</i>					
Central office	59	2,244	54	2,286	53	1,871	48	1,494
Agricultural entities management	142	1,352	134	1,316	130	1,051	102	975
Agricultural entities workers	971	781	939	756	916	752	934	635
Total:	1,171		1,127		1,099		1,084	

Source: the Company

A particular feature of the agricultural sector in Lithuania is a high turnover rate of employees, since most of them are hired only for seasonal jobs. The Group has been successful managing the employee turnover due to the Group's organizational culture and competitive wages (approx. 10% higher than average for the agricultural sector in Lithuania). In 2017 total average employee turnover was 21%, but amongst permanent employees – 13.9%. Each year, the Group hires around 110 temporary workers in the period between April and September. At the date of this Prospectus most of the temporary workers are employed in the Group's agricultural companies.

No collective agreements are in effect in the Group and the Group does not anticipate any collective bargaining initiatives in any of its companies in the observable future.

On the date of this Prospectus there are no agreements or any other arrangements with regard to participation of employees in the capital of the Company, except that the General Meeting dated 30 April 2018 *inter alia* decided to approve the Rules on Granting the Shares of the Company. Under these rules, only the employees of the Company (persons who have signed an employment agreement with the Company or the Subsidiary, including managers of the Company and the Subsidiaries, also persons who are members of the Management Board or the Supervisory Council of the Company or the Subsidiaries) who are employed/performing duties on the day the Option Agreement (the right of the employee to acquire Shares on terms and conditions as well as according to the procedure specified in the individual Option Agreement concluded between the Company and the employee) is being signed are entitled to conclude the Option Agreement in accordance with the rules.

The Company's body that grants Shares (the Management Board or the Supervisory Council) shall adopt a list of employees who are entitled to receive Shares. Each employee who is entitled to sign the Option Agreement shall receive a notice on the adopted decision and the particular number of Shares that is being offered, the draft of the Option Agreement and the term for signature thereof. Employee is entitled to conclude the Option Agreement for all the Shares offered or any portion thereof or to refuse to sign the Option Agreement. The Option and the Shares granted under it are granted to the employees free of charge. Each employee who is entitled to acquire the Shares may sign the Option Agreement. There is no limitation on the number of Option Agreements that can be signed with each employee. The right to acquire the Shares for which the Option Agreement is signed shall be exercised by the Company by issuing new Shares or in other manner determined by the General Meeting. Option Agreements cannot be concluded, and the Shares cannot be granted in excess of the amount of reserve for granting the Shares. Option Agreement may specify that the number of Shares to be granted is lower than the number indicated in the Option Agreement as well as conditions when the right to acquire the Shares under the signed Option Agreement expires.

The Management Board shall decide on granting the Shares to employees, except to members of this body. The Supervisory Council shall decide on granting the Shares to members of the Management Board. The body of the Company, which is responsible for making a decision to grant the Shares, shall approve specific common key performance indicators of the Company, individual business objectives for the subdivisions or their managers or other employees which have to be achieved in order for the Shares to be granted, or shall establish a different procedure for granting the Shares. It shall also evaluate whether the key performance indicators are achieved and decide on the number of Shares to be granted to the employee for achieving them, unless specified otherwise by the respective body of the Company itself. It may also decide that the Company will pay the taxes for the employee in connection with acquisition of the Shares.

Each year information about application of the above rules shall be submitted to the annual General Meeting by the Management Board.

The General Meeting dated 30 April 2018 also decided to allocate EUR 957,000 to the reserve for granting of Shares, and taking this into account, to confirm that until the next annual General Meeting, according to the terms of the rules for granting the Shares to employees and (or) members of the bodies of the Company there may be granted Shares/ signed Option Agreements for up to 3,300,000 ordinary registered Shares of the Company.

Retirement Benefits

Neither the Issuer nor any of the Subsidiaries have established any pension, retirement or similar benefits neither for the Management of the company, nor to any other employees.

4.18 Major Shareholders

On the date of this Prospectus, the authorised capital of the Company is EUR 54,350,713.08 and is divided into 187,416,252 ordinary registered Shares with a par value of EUR 0.29 each, all of which are fully paid-up. One share carries one vote in the General Meeting. The holdings of Major Shareholders of the Issuer as on the date of this Prospectus are provided below:

Table 33: Major Shareholders holding more than 5% of the Issuer as of the date of this Prospectus

<i>Name, surname / name of the company</i>	<i>Company/fund code</i>	<i>Address</i>	<i>Shares held by shareholder, units</i>	<i>Shares held by shareholder, %</i>
Baltic Champs Group UAB	145798333	Šiaulių r. sav. Poviliškių k., Lithuania	165,167,939	88.13
Multi Asset Selection Fund	I015	Antano Tumėno g. 4-	10,920,736	5.83

<i>Name, surname / name of the company</i>	<i>Company/fund code</i>	<i>Address</i>	<i>Shares held by shareholder, units</i>	<i>Shares held by shareholder, %</i>
		B, Vilnius, Lithuania		
Free float			11,327,577	6.04
Total			187,416,252	100

Source: the Company

All Issuer's Shares (including the New Shares after their issuance) provide the same voting rights for all the shareholders.

The control of the Issuer is exercised by the Issuer's shareholders. The Issuer is not aware of any direct or indirect control links, except that Baltic Champs Group UAB is fully owned by Chairman of the Management Board Kęstutis Juščius.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. Also, the Company is not aware of any common control agreements between its shareholders. As of the date of the Prospectus, the Company is not aware of any existing agreements between the shareholders of the Company on the use of voting rights in effect following the completion of the capital increase of the Company.

Dilution

Following the Offering according to the decisions of the Extraordinary General Meeting of 28 March 2018 (as amended on 30 April 2018) and the decisions of the Management Board, dated 19 June 2018 and 25 June 2018, whereby the authorised capital of the Company will be increased by up to EUR 11,600,000 (assuming that all the New Shares will be subscribed and fully paid-up and that a total of 20,000,000 existing Sale Shares held by the Selling Shareholder are sold), the shareholders' structure will be as indicated in table below:

Table 34: Major shareholders of the Issuer following the capital increase

<i>Name, surname / name of the company</i>	<i>Company code</i>	<i>Address</i>	<i>Votes and shares held by shareholder, units</i>	<i>Votes and shares held by shareholder, %</i>
Baltic Champs Group UAB	145798333	Šiaulių r. sav. Poviliškių k., Lithuania	145,167,939	63.83
Free float ³⁰			82,248,313	36.17
Total			227,416,252	100.00

Source: the Company

Thus, in case following the capital increase all the New Shares are subscribed and acquired by the Investors (assuming that all 40,000,000 New Shares shall be subscribed and paid, also provided that none of the existing shareholders acquires the Offer Shares) the shareholders stake in the Issuer's share capital before the new Issue will be equal to 82.41% after the new Issue, i.e. the shareholdings of the current shareholders stake would be reduced by 17.59% without taking into account the Sale Shares.

³⁰ Including Multi Asset Selection Fund, which would hold less than 5% of Shares (4.80%), unless will participate in the Offering and subscribe for certain amount of Offer Shares.

4.19 Related Party Transactions

All the shareholders of the Group, owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, are considered to be related parties. Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

Transactions with related parties are as follows:

Table 35: Related party transactions (EUR'000)

31 March 2018 (unaudited)	Loans receivable	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
<i>Parties related to Group</i>						
Grybai LT, kooperatinė bendrovė	2,333	640	-	17	99	169
<i>Parties related to ultimate shareholder Kęstutis Juščius</i>						
Farmer Kęstutis Juščius	-	9	-	-	-	-
Šampinjonid OÜ	-	135	-	-	-	198
Nacionalnaja grybnaja kompania "Kashira" OOO	-	53	-	-	-	199
Baltic Champs Group UAB	-	-	3,000	3	3	-
Total	2,333	837	3,000	20	101	567

2017 (audited)	Loans receivable	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
<i>Parties related to Group</i>						
Grybai LT, kooperatinė bendrovė	2,123	220	-	-	181	1,174
<i>Parties related to ultimate shareholder Kęstutis Juščius</i>						
Farmer Kęstutis Juščius	-	-	-	1	109	-
Šampinjonid OÜ	-	122	-	-	-	706
Nacionalnaja grybnaja kompania "Kashira" OOO	-	590	-	-	-	1,226
Baltic Champs Group UAB	-	-	-	-	18	25
Total	2,123	932	-	1	308	3,131

2016 (audited)	Loans receivable	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
<i>Parties related to Group</i>						
Grybai LT, kooperatinė bendrovė	1,150	-	-	-	-	-
<i>Parties related to ultimate shareholder Kęstutis Juščius</i>						
Farmer Kęstutis Juščius	-	18	1,254	-	-	-
Šampinjonid OÜ	-	-	-	-	-	-

Nacionalnaja grybnaja kompania "Kashira" OOO	-	992	-	-	-	1,355
Baltic Champs Group UAB	-	-	247	-	-	-
Total	1,150	1,010	1,501	-	-	1,355

2015 (audited)	Loans receivable	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
<i>Parties related to ultimate shareholder Kęstutis Juščius</i>						
Farmer Kęstutis Juščius	-	-	1,873	70	1	101
Šampinjonid OÜ	-	105	-	-	-	656
Champs Polska Sp.z.o.o.	-	117	-	-	79	70
Baltic Champs Group UAB	-	-	633	356	32	67
<i>Parties related to Management Board member Linas Strėlis</i>						
Vilkyškiu pieninė AB	-	284	-	-	9	5,426
<i>Parties related to Management Board member Marius Žutautas</i>						
ŽIA valda AB	-	-	-	-	58	-
Avia Solutions Group AB	-	-	-	-	14	-
Total	-	506	2,506	426	193	6,320

Sources: Consolidated Financial Statements, Consolidated Interim Information

In 2016, salaries and other payments to the Management Board members and Senior Management of the Company amounted to EUR 554 thousand (2015: EUR 292 thousand) and increased compared to previous year due to management changes. Comparatively, in 2017, salaries and other payments to the Management Board members and Senior Management of the Company amounted to EUR 206 thousand.

All the shareholders of the Company, owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, are considered to be related parties. Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

4.20 Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

4.20.1 Historical Financial Information

Financial information is provided in the table below. The information is extracted from the audited Consolidated Financial Statements and unaudited Consolidated Interim Information, incorporated by reference into this Prospectus. Unless otherwise stated, this information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

Full audited Consolidated Financial Statements and unaudited Consolidated Interim Information and the related notes could be found on the Issuer's website www.auga.lt, at www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl, and at www.gpw.pl.

Table 36: Balance sheet statements of the Group (EUR'000)

<i>Item</i>	<i>31 March 2018</i>	<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2015</i>
	<i>unaudited</i>		<i>audited</i>	
ASSETS				
Non-current assets				
Property, plant and equipment	88,463	85,235	76,262	89,634
Investment property	-	-	-	9,636
Intangible assets	3,057	839	19	55
Long term receivables	3,820	3,497	2,599	377
Available for sale investments	286	286	286	267
Associates	355	355	-	-
Deferred tax asset	890	890	669	255
Biological assets – livestock	7,949	8,029	6,858	6,637
Total non-current assets	104,820	99,131	86,693	106,861
Current assets				
Biological assets	12,861	10,111	5,223	4,067
Inventory	23,770	25,547	15,157	8,856
Trade receivables, advance payments and other receivables	11,937	10,765	13,367	11,414
Cash and cash equivalents	1,040	620	1,650	4,068
Assets held for sale	4,247	2,374	-	-
Total current assets	53,855	49,417	35,397	28,405
TOTAL ASSETS	158,675	148,548	122,090	135,266
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	54,351	54,351	54,351	54,351
Share premium	738	738	7,890	7,890
Revaluation reserve	5,889	5,889	4,179	7,689
Legal reserve	579	579	579	579
Currency exchange differences	(165)	(165)	(217)	(266)
Retained earnings / (accumulated deficit)	17,905	17,241	5,163	(1,434)
Equity attributable to equity holders of the parent	79,297	78,633	71,945	68,809
Non-controlling interest	343	382	293	321
Total equity	79,640	79,015	72,238	69,130
Non-current liabilities				
Borrowings	18,162	16,535	16,938	18,804
Obligations under finance lease	7,766	5,987	3,427	2,515
Grants	3,687	3,657	3,286	3,852
Deferred tax liability	656	656	433	2,820
Total non-current liabilities	30,271	26,835	24,084	27,991
Current liabilities				
Current portion of non-current borrowings	4,564	4,506	3,585	17,291
Current portion of non-current obligations under finance lease	2,458	2,956	2,690	1,991
Current portion of grants	-	-	-	663
Current borrowings	21,673	13,607	5,350	6,077
Trade payables	14,358	14,467	8,796	8,473

Item	31 March 2018	31 December 2017	31 December 2016	31 December 2015
Other payables and current liabilities	4,608	5,855	5,347	3,650
Liabilities directly associated with assets classified as held for sale	1,103	1,307	-	-
Total current liabilities	48,764	42,698	25,768	38,145
Total liabilities	79,035	69,533	49,852	66,136
TOTAL EQUITY AND LIABILITIES	158,675	148,548	122,090	135,266

Sources: Consolidated Financial Statements, Consolidated Interim Information

Table 37: Profit and loss statements of the Group (EUR'000)

Item	3-months period ended 31 March 2018	3-month period ended 31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	<i>unaudited</i>		<i>audited</i>		
Revenues	11,492	12,107	48,784	39,630	47,425
Cost of sales	(9,394)	(9,660)	(38,012)	(27,985)	(36,735)
Gain (loss) on changes in fair values of biological assets and on initial recognition of agricultural produce	(423)	(281)	4,159	(868)	(289)
GROSS PROFIT	1,675	2,168	14,931	10,777	10,401
Operating expenses	(833)	(1,932)	(8,585)	(7,014)	(6,069)
Investment property fair value change gain	-	-	-	-	3,339
Other income	147	53	351	127	458
OPERATING PROFIT	989	289	6,697	3,890	8,129
Finance cost	(364)	(272)	(1,904)	(2,098)	(2,001)
PROFIT (LOSS) BEFORE INCOME TAX	625	17	4,793	1,792	6,128
Income tax expense	-	-	222	353	(569)
NET PROFIT / (LOSS) FOR THE YEAR	625	17	5,015	2,145	5,559
	ATTRIBUTABLE TO:				
Equity holders of the Parent Company	664	17	4,926	2,173	5,618
Non-controlling interest	(39)	-	89	(28)	(59)
Basic and diluted earnings (loss) per share (EUR)	0.00	0.00	0,03	0.01	0.03
NET PROFIT/ (LOSS) FOR THE PERIOD	625	17	5,015	2,145	5,559
	Other comprehensive income:				
Revaluation of land and investment property, gross of tax	-	-	1,800	962	8,468
Deferred tax liability from revaluation of fixed assets	-	-	(190)	(48)	(779)
Currency exchange differences	-	-	52	49	(174)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	625	17	6,777	3,108	13,074

ATTRIBUTABLE TO:					
Equity holders of the Parent Company	664	17	6,688	3,136	13,133
Non-controlling interest	(39)	-	89	(28)	(59)

Sources: Consolidated Financial Statements, Consolidated Interim Information

Table 38: Cash flow statements of the Group (EUR'000)

Item	3-months period ended 31 March 2018	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	unaudited		audited	
Cash flows from /(to) operating activities				
Net profit (loss) before income tax	625	4,793	1,792	6,128
Adjustments for non-cash expenses (income) items and other adjustments				
Depreciation expense	1,742	6,800	6,058	6,177
Amortization expense	54	178	50	151
Write offs and impairment of PPE	26	41	559	640
Profit (loss) on sales of non-current assets	(1,898)	(2)	227	-
(Gain) on sale of investment property	-	-	-	(174)
Write-offs of inventory	74	1,102	1,266	1,509
Net finance cost	364	1,904	2,098	2,001
Acquired own liabilities at discount	-	-	(184)	(10)
Revaluation of investment property	-	-	-	(3,339)
Impairment of accounts receivable	-	-	10	65
Loss (gain) on changes in fair value of biological assets	423	(4,159)	868	527
Grants related to assets, recognized as income	(141)	(623)	(663)	(446)
Changes in working capital				
(Increase) decrease in biological assets	(3,830)	(6,568)	(2,245)	1,419
(Increase) decrease in trade receivables and prepayments	(1,453)	3,468	(1,289)	(2,690)
(Increase) decrease in inventory	3,917	(6,675)	(7,567)	(65)
(Decrease) increase in trade and other payables	(2,721)	5,908	1,723	(1,473)
Income tax paid	-	-	-	(735)
Interest paid, net	(344)	(1,802)	(1,897)	(1,917)
Net cash flows from /(to) operating activities	(3,162)	4,365	806	8,059
Cash flows from /(to) investing activities				
Purchase of non-current tangible assets	-	(4,950)	(4,329)	(4,198)
Purchase of non-current intangible assets	(546)	(17)	(14)	(2)
Purchase of investments, net of cash acquired	(1,768)	(355)	-	-
Payment for acquisition of subsidiary, net of cash acquired	-	(1,321)	-	-

Item	3-months period ended 31 March 2018	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
Proceeds from sales of investment property, PPE	67	617	488	1,896
Proceeds from sales of investments	-	-	6,165	-
Grants related to assets	172	373	-	1,137
Other loans granted (repaid)	(323)	(898)	(880)	(377)
Net cash flows from/(to) investing activities	(2,399)	(6,552)	1,430	(1,544)
Cash flows from /(to) financing activities				
Disposal (acquisition) of available for sale investments	-	-	-	(156)
Proceeds from bank and other borrowings	15,000	12,130	17,352	14,795
Amounts paid to banks	(11,568)	(5,921)	(19,101)	(12,768)
Other borrowings received (paid)	3,000	(1,547)	(851)	(4,521)
Increase (repayments) of obligations under finance lease	(451)	(3,504)	(2,054)	(851)
Net cash flows from/(to) financing activities	5,981	1,158	(4,654)	(3,501)
Net (decrease) / increase in cash and cash equivalents	420	(1,030)	(2,418)	3,014
Cash and cash equivalents at the beginning of the period	620	1,650	4,068	1,054
Cash and cash equivalents at the end of the period	1,040	620	1,650	4,068

Sources: Consolidated Financial Statements, Consolidated Interim Information

Table 39: Other important metrics

Mushroom segment	3-month period ended 31 March 2018	3-month period ended 31 March 2017	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
	<i>unaudited</i>		<i>audited</i>		
Total tonnage produced, tonnes	2,763	2,381	12,018	12,033	10,783
Non-organic mushrooms, tonnes	2,553	2,251	11,367	11,428	10,714
Organic mushrooms, tonnes	210	130	651	605	69
Total revenues from mushroom sales, EUR'000	5,705	5,195	24,432	24,844	22,393
Non-organic mushrooms, EUR'000	5,113	4,802	22,523	22,897	22,174
Organic mushrooms, EUR'000	592	393	1,909	1,947	219
Total cost of mushrooms sold, EUR'000	5,442	5,441	23,501	22,200	19,811
Non-organic mushrooms, EUR'000	5,028	5,143	22,228	21,083	19,684
Organic mushrooms, EUR'000	413	297	1,273	1,117	127

Total revenues from canned and packaged vegetables, incl. soups, EUR'000	551	389	1,047	908	252
Total cost of goods sold for canned and packaged vegetables, incl. soups., EUR'000	516	361	997	865	378

Gross profit of mushroom growing segment, EUR'000	298	(217)	981	2,687	2,456
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<i>Crop growing segment</i>	<i>3-month period ended 31 March 2018</i>	<i>3-month period ended 31 March 2017</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
	<i>unaudited</i>			<i>audited</i>	

Harvest of agricultural produce

Total cultivated land, ha	38,474*	33,099*	33,099	24,672	23,724
Wheat, ha	8,910	6,548	6,548	8,740	10,832
Pulses, ha	10,759	4,117	4,117	5,911	2,515
Other cash crops, ha	7,052	7,016	7,016	2,745	4,599
Sugarbeets, ha	790	843	843	5	66
Forage Crops, ha	9,986	8,493	8,493	7,271	5,712
Fallow, ha	977	6,081	6,081	-	-
Average harvest yield, t/ha					
Wheat, t/ha	-	-	4,10	3,00	5,48
Pulses, t/ha	-	-	3,30	2,50	2,86
Other cash crops, t/ha	-	-	1,90	2,48	4,46
Sugarbeets, t/ha	-	-	30,55	45,64	21,77
Forage Crops, t/ha	-	-	7,17	8,67	10,99
Total fair value of harvest, EUR'000	-	-	26,209	15,583	21,088
Wheat, EUR'000	-	-	6,830	5,196	10,098
Pulses, EUR'000	-	-	5,085	4,848	1,728
Other cash crops, EUR'000	-	-	7,038	1,346	4,924
Sugarbeets, EUR'000	-	-	2,514	7	43
Forage Crops, EUR'000	-	-	4,742	4,187	4,296
Total production cost of harvest, EUR'000	-	-	21,139	15,823	20,850
Wheat, EUR'000	-	-	4,988	5,791	9,277
Pulses, EUR'000	-	-	3,124	4,159	1,772
Other cash crops, EUR'000	-	-	6,385	2,006	4,508
Sugarbeets, EUR'000	-	-	1,901	9	83

Forage Crops, EUR'000	-	-	4,742	3,859	5,209
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* The numbers represent the actual cultivated hectares by main crop groups as of 1st June each year.

Gain (loss) on revaluation of agricultural produce at point of harvest, EUR'000

-	-	5070	(240)	238
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Sales of agricultural produce

Total revenue of sold agricultural produce, EUR'000	2,944	4,236	14,202	6,828	15,528
Total cost of sold agricultural produce**, EUR'000	3,087	3,615	14,074	5,866	13,245
Result of sales of agricultural produce, EUR'000	(143)	621	128	962	2,283

** The cost of sold agricultural produce represents the value of crops evaluated at fair values at point of harvest and related sales costs.

Total subsidies, EUR'000

1,940	1,469	8,161	7,566	6,453
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Directs subsidies, EUR'000

1,120	789	4,541	4,099	3,034
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Organic farming subsidies, EUR'000

821	680	3,620	3,467	3,419
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Gross profit of crop growing segment per period, EUR'000

1,797	2,090	13,359	8,288	8,975
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<i>Dairy segment</i>	<i>3-month period ended 31 March 2018</i>	<i>3-month period ended 31 March 2017</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
	<i>unaudited</i>		<i>audited</i>		
Average milking cow herd, cows	3,662	3,540	3,612	3,497	3,430
Total milk sold, tonnes	5,801	5,859	23,080	23,123	24,822
Non-organic, tonnes	4,647	5,859	19,849	23,123	24,822
Organic, tonnes	1,154	-	3,231	-	-
Total weight of cattle sold, tons	239	217	795	842	1,355
Total revenues from milk sales, EUR'000	1,984	2,073	8,205	6,223	6,379
Non-organic milk	1,524	2,073	6,868	6,223	6,379

Organic milk	459	-	1,338	-	-
Total revenues from cattle sold, EUR'000	308	214	804	811	1665
Total cost of milk sold, EUR'000	2,181	1,699	7,607	6,453	7,090
Total cost of cattle sold, EUR'000	308	214	804	1,282	2,698
Revaluation of biological assets, EUR'000	(423)	(281)	(911)	(629)	(527)
Total subsidies, EUR'000	200	204	810	1,115	1,160

Gross profit of Dairy segment, EUR'000	(421)	296	498	(215)	(1,111)
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<i>Other segments</i>	<i>3-month period ended 31 March 2018</i>	<i>3-month period ended 31 March 2017</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
	<i>unaudited</i>		<i>audited</i>		
Total revenue from land rent and other services, EUR'000	-	-	92	18	1,208
Total cost from land rent and other services, EUR'000	-	-	-	-	1,127

Gross profit of other services, EUR'000	-	-	92	18	81
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<i>Operating expenses</i>	<i>3-month period ended 31 March 2018</i>	<i>3-month period ended 31 March 2017</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
	<i>unaudited</i>		<i>audited</i>		
Operating expenses by mushroom segment, EUR'000	317	260	1,199	1,026	757
Operating expenses of crop growing and dairy segments, EUR'000	748	912	3,660	3,318	3,720
Centralized operating expenses, EUR'000	(232)	760	3,725	2,671	1,592
Total operating expenses of all segments, EUR'000	833	1,932	8,584	7,015	6,069

<i>Profit (loss) statement</i>	<i>3-month period ended 31 March 2018</i>	<i>3-month period ended 31 March 2017</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>	<i>Year ended 31 December 2015</i>
	<i>unaudited</i>			<i>audited</i>	
Revenue, EUR'000	11,493	12,107	48,783	39,631	47,425
Cost of goods sold, EUR'000	(9,395)	(9,658)	(38,012)	(27,985)	(36,736)
Revaluation of biological assets and agricultural produce at point of harvest, EUR'000	(423)	(281)	4159	(869)	(289)
Gross profit, EUR'000	1,675	2,168	14,930	10,778	10,401
Operating expenses, EUR'000	(833)	(1,932)	(8,584)	(7,015)	(6,069)
Revaluation of investment property, EUR'000	-	-	-	-	3,339
Other income, EUR'000	147	53	351	127	458
Operating profit, EUR'000	989	289	6,697	3,890	8,129
Finance cost, EUR'000	(364)	(272)	(1,904)	(2,098)	(2,001)
Profit (loss) before income tax, EUR'000	625	17	4,793	1,792	6,128
Income tax expense, EUR'000	-	-	222	353	(569)
Net profit (loss) for the period, EUR'000	625	17	5,015	2,145	5,559

Source: *the Company*

4.20.2 Audited Financial Statements

Please refer to the Section 4.1 *Statutory Auditors* regarding the information, related to audit of the Consolidated Financial Statements and other information of the Prospectus.

4.20.3 Dividend Policy

The Company does not have an approved policy on dividend distributions and any restrictions thereon. Decision on distribution of dividends to shareholders is adopted by the General Meeting, with a right to propose a draft decision with this regard generally vested with the Management Board, the Supervisory Council and the shareholders, holding not less than 1/20 of all the shares and votes in the General Meeting. Permission from banks may also be necessary, depending on the financial leverage at the time.

The Company's current priority is to use profits for the development of the Company, rather than for the distribution of dividends and it has not paid out dividends in the last three years. However, the Company does not rule out paying dividends in the future depending on its financial performance, cash flows, financial condition, capital requirements and the results of the

investment projects currently underway. Such payment may range from 25-50% of net profits for any particular financial year.

The following general rules apply with respect to any dividends declared by the Company.

Shares give rights to dividends declared by the General Meeting. Dividends are paid to persons who at the end of the rights record date (i.e. the tenth business day following the day on which the decision to distribute dividends was adopted by the General Meeting) were shareholders of the Company or were otherwise entitled to receive dividends. The Company must pay out the declared dividends within one month from the date when the General Meeting decides to declare dividends. The same rules for paying dividends are applied both to residents and non-residents of Lithuania with the exception of taxation requirements (see Section *Taxation of the Issuer's Shares*). Dividends are paid to the shareholders in proportion to the aggregate sum of the nominal value of the shares held by the shareholder. Dividends can be paid only in cash. The dividends attributable to the Shares are non-cumulative.

The Law on Companies foresees that the annual dividends as well as the dividends for a shorter period than a financial year may be distributed to the shareholders of the Company.

The Company may only distribute annual dividends out of its distributable profits that consist of net profit for each financial year, as increased or reduced by any profit or loss carried forward from the previous year and/or profit or loss of the current financial year not realised in the profit and loss account, plus any amounts held in its reserves that the shareholders decide to make available for distribution (other than those reserves that are specifically required by the Lithuanian laws) and shareholders' contributions to cover loss, less any distributions for any other purposes decided by the General Meeting. Dividends may not be declared or paid out if at least one of the following conditions is met: (i) the Company has outstanding obligations which became due before the decision of the General Meeting; (ii) the Company's distributable result of the financial year is negative (i.e. losses were incurred); (iii) the equity capital of the Company is lower or after the payment of dividends would become lower than the aggregate amount of the share capital, the legal reserve, the revaluation reserve and the reserve for acquisition of own shares of the Company.

Dividends for a shorter period than the financial year may be declared if all following conditions are met:

- (a) an audited set of interim financial statements has been approved;
- (b) the profit (loss) amount for a period shorter than a financial year is positive (there is no loss);
- (c) the amount distributed for payment of dividend does not exceed the profit (loss) for the period shorter than a financial year and retained profit/loss of the preceding financial year brought forward to the current financial year upon deduction of a portion of the profit earned during the period shorter than a financial year, which must be appropriated to reserves according to the law or according to the Articles of Association;
- (d) the company does not have outstanding obligations, which matured before taking of the decision, and upon payment of dividend it would be capable of fulfilling its obligations for the current financial year. Upon distribution of interim dividend, it is allowed to allocate dividend for another period shorter than a financial year no earlier than 3 months later.

4.20.4 Legal and Arbitration Proceedings

The Group Companies are not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have or have had in the recent past significant effects on the Issuer and/or Group's financial position or profitability, except as indicated below.

Dispute with the Bank of Lithuania re value of eTime invest UAB shares and payment for the Shares of the Company – settled

There was a dispute between the Company and the Bank of Lithuania regarding the obligation of the Company to re-evaluate the non-monetary contribution and to amend the financial statements according to the international accounting standards, which was already settled.

On 15 February 2016, the Bank of Lithuania obliged the Company to re-evaluate the value of the shares of eTime invest UAB which, as a non-monetary contribution, were used to pay up part of the Shares of the Company in 2014 during the merger with Baltic Champs UAB. The Company appealed the decision of the Bank of Lithuania to the court, however, the first instance court rejected the Company's claim. The Company filed an appeal to the appeal court which sustained part of the above decision, requiring the Company to re-evaluate true value of 100 per cent of shares in eTime invest UAB, used for payment of part of authorized capital of the Company, and in case the conclusion would have been reached that the Shares in the Company were not fully paid, to rectify situation as required according to applicable laws and regulations by 1 May 2016. The remaining disputed parts of the decision (regarding warning and instruction to retrospectively correct financial accounts for year 2015) were referred back to a court of the first instance.

In parallel to the above litigation, on 18 May 2018 a repeated retrospective valuation of 100% of shares in eTime invest UAB was completed and a new valuation report issued by Newsec valuations UAB. The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania checked the respective report on retrospective valuation of 100% of shares in eTime invest UAB of 18 May 2018 and determined on 11 June 2018 that it complied with the requirements of Article 22 of the Law of the Republic of Lithuania on the Bases of Property and Business Valuation. Taking this into account, the above instruction of the Bank of Lithuania has been duly fulfilled, which means that there is no dispute regarding payment for previously issued Shares of the Company. Thus, all of them are fully paid-up.

Dispute with Agrolitpa UAB re quality of soybeans – settled

In January 2017, the Group acquired KTG group companies, including KTG Grūdai UAB, which already prior to acquisition had a claim filed against it for reimbursement of damages in total amount of EUR 169,509 incurred by the claimant due to alleged poor quality of organic soybeans delivered by KTG Grūdai UAB. The dispute has been settled amicably between the parties; under the settlement agreement KTG Grūdai UAB agreed to pay compensation to Agrolitpa UAB in the amount of EUR 40,000.

Registration of two trademarks of the Company (i.e. AUGA graphic logo and words AUGA CO) is disputed by two legal entities

Although both disputes, which are still ongoing, relate to EU registration filings, they are based on misleading effect of the AUGA trademarks with earlier trademarks registered in Lithuania only. Should the disputes be lost, the trademarks would not be protected in the EU. However, the Company would be entitled to priority filing date and protection on which it may file application(s) for the registration of the trademarks in other EU countries. The mentioned entities may further claim for prohibiting the Company to use these trademarks in Lithuania only. The words AUGA CO are not actually used by the Company. Therefore, the risk regarding the restriction for the use of AUGA graphic logo concerns Lithuania only.

4.20.5 Significant Changes in the Issuer's Financial or Trading Position

Since the end of the last period for which the Company's audited consolidated financial information exists (31 December 2017), the main financial and operational development of the

Issuer has been as follows (as indicated in the publicly disclosed information of the Company on the stock exchange information systems of Nasdaq Vilnius and WSE as material events):

1. On 22 January 2018 the Company has signed the share sale and purchase agreement to acquire 100% share capital of Arginta Engineering UAB for EUR 6.4 million (material event notification, dated 23 January 2018³¹). The completion of the transaction was subject to merger clearance and other agreed conditions. On 14 March 2018 the Company decided to terminate the share purchase agreement of Arginta Engineering UAB and instead, has chosen to cooperate on technology development with this company on a contractual basis (material event notification, dated 14 March 2018³²). Under the agreement of shares purchase termination, the Company will pay a termination fee of EUR 715,000, due no later than 31 December 2018. Part of the termination fee in the amount of EUR 350,000 has already been paid from the escrow account;
2. On 9 February 2017 Subsidiary eTime invest UAB signed an agreement with investor from Russia whereunder eTime invest UAB agreed to sell all its assets (i.e. participatory units in Karakash Agro OOO as well as claim rights to the latter company under the loan agreements) for EUR 3,082 million (i.e.: EUR 0.5 million for participatory units; and EUR 2.58 million for claim rights) plus up to EUR 0.78 million of interest, which may accrue on the price of claim rights until its final settlement (material event notification, dated 9 February 2018). The payment for receivables is secured by pledge of shares of Karakash Agro OOO, re-assignment of assigned and future claim rights of the buyer to Karakash Agro OOO and the guarantee issued by Karakash Agro OOO.
3. On 26 February 2018 the Company completed the purchase of 100% share of Raseinių agra UAB for EUR 2.4 million (material event notification, dated 26 February 2018³³).
4. The Supreme Administrative Court of Lithuania partly satisfied the appeal by the Company regarding decision of Bank of Lithuania (material event notification, dated 14 May 2018). For more information on this dispute please see Section 4.20.4 *Legal and Arbitration Proceedings*.

4.21 Additional Information

4.21.1 Share Capital

Table 40: Registered share capital of the Issuer

Name of the securities	Number of shares	Nominal value, EUR	Total nominal value, EUR	Percentage in share capital
Ordinary registered shares	187,416,252	0.29	54,350,713.08	100%

Source: the Company

All the ordinary registered Shares of the Company (187,416,252) are fully paid.

As of the date of this Prospectus the free float of Issuer's Shares, meaning the percentage of shareholders each holding less than 5% of all Shares in the Company, amounted to 11,327,577 Shares (6.04%).

The Issuer has not issued any shares that do not represent participation in share capital. No Shares in the Issuer are held by or on behalf of the Issuer or by Subsidiaries of the Issuer. The Issuer has not issued any convertible shares or bonds, exchangeable shares or shares with warrants. The Issuer has not issued any acquisition rights or obligations over authorized but unissued capital or an undertaking to increase the capital. The Issuer has not issued any share options.

³¹ <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=819846&messageId=1030392>.

³² <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=828518&messageId=1041726>.

³³ <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=825493&messageId=1037771>.

Furthermore, there are no provisions of the Articles of Association or other documentation that would have an effect of delaying, deferring or preventing a change in control of the Issuer, also governing the ownership threshold above which shareholder ownership must be disclosed. Moreover, there are no conditions imposed by the Articles of Association governing changes in the capital, where such conditions are more stringent than is required by law.

4.21.2 Articles of Association

The purposes and the object of activities of the Issuer

Pursuant to Part II of the Articles of Association:

The goal of the activities of the Company shall be to operate in common interests of the shareholders of the Company by optimising over time the value of shareholders' equity, and to receive profit by efficiently and productively developing business activities in the following areas:

- Farming of animals;
- Growing of crops combined with farming of animals;
- Land purchases and sales;
- Service activities;
- Trade and real estate activities;
- Wholesale and retail;
- Construction;
- Intermediation (including financial intermediation);
- Manufacture of various products;
- Advertising;
- Letting of own property, renting of vehicles, machinery and equipment;
- Other business activities not forbidden by the laws and regulations of the Republic of Lithuania.

The Company may engage in activities that require a licence or a permit only after it obtains all required licences or permits.

Products, goods and services of the Company may be sold/provided or otherwise assigned in the Republic of Lithuania or abroad.

For the purpose of implementing goals established in the Articles of Association, the Company may do the following in compliance with the applicable laws of the Republic of Lithuania:

- Conclude contracts and undertake obligations;
- Lend and borrow money. However, when borrowing from its shareholders, the Company may not pledge its assets to shareholders, and the borrowing of the Company from shareholders under a loan contract must comply with the provisions of the Law on Companies as well as other laws and regulations of the Republic of Lithuania;
- Become an incorporator or a member of other legal entities;
- Establish branches and representative offices in the Republic of Lithuania and abroad;
- Have other rights and have other obligations, provided they are in compliance with the laws of the Republic of Lithuania.

There is nothing in the Articles of Association to restrict the right of the Company to provide charity and sponsorship or to engage in other non-profit making activities, or the right of the Company to change, suspend or terminate its activities.

Governing bodies of the Issuer

Pursuant to Article 5.1 of the Articles of Association:

The bodies of the Company are:

- The General Meeting of shareholders (the “**General Meeting**”), which is the supreme body of the Company;
- The Supervisory Council, which is a collegial supervisory body;
- The Management Board, which is a collegial management body;
- The Manager (the General Manager), which is a single-person management body.

The General Meeting shall have the exclusive right to:

- Amend the Articles of Association, except in cases provided by the Law on Companies;
- Change the address of the registered office of the Company;
- Elect members of the Supervisory Council;
- Revoke the Supervisory Council or its members;
- Elect and revoke the auditor, or the firm of auditors to audit the set of annual financial statements, fix the terms of payment for auditing services;
- Determine the class, number and set the par value and the minimum issue price of the shares issued by the Company;
- Resolve to convert the Company’s shares of one class into shares of another class, and approve the description of the procedure of the conversion;
- Resolve to change the number of issued shares of one class and nominal value of the share, without changing the authorised capital;
- Approve the set of the annual financial accounts;
- Resolve on the appropriation of profit (loss);
- Resolve on the formation, use, reduction and dissolution of the reserves;
- Approve the set of interim financial statements composed in order to distribute dividends for a period shorter than the financial year;
- Resolve to distribute dividends for a period shorter than the financial year;
- Resolve to issue convertible bonds;
- Resolve to withdraw the pre-emptive right for all the shareholders to acquire shares or convertible bonds of the specific issue of the Company;
- Resolve to increase the authorised capital;
- Resolve to reduce the authorised capital, except in cases provided by the Law on Companies;
- Resolve on the redemption of own shares by the Company;
- Take a decision on approval of the rules for issuing shares to the employees and (or) to the members of the bodies of the Company;
- Resolve on the reorganisation or division of the Company, and to approve the terms and conditions of such reorganisation or division;
- Resolve to transform the Company;
- Resolve to restructure the Company in cases laid down in the Law of the Republic of Lithuania on Restructuring of Enterprises;
- Resolve to liquidate the Company and to revoke the liquidation of the Company, except in cases provided by the Law on Companies;
- Elect and revoke the liquidator of the Company, except in cases provided by the Law on Companies;
- Adopt other resolutions that the laws and regulations prescribe for the exclusive competence of the General Meeting.

The Supervisory Council shall:

- Consider and approve the strategy of the Company’s activities, analyse and evaluate the information on the implementation of the Company’s activities strategy, provide this information to the annual General Meeting;

- Elect members of the Management Board and remove them from office. If the Company is operating at a loss, the Supervisory Council must consider the suitability of the Management Board members for their office;
- Monitor and control the activities of the Management Board and of the Manager of the Company;
- Provide to the General Meeting the proposals and comments regarding the rules of granting of shares of the Company;
- Continuously issue recommendations to the Management Board and the Manager of the Company regarding the management of the Company;
- Make proposals and comments to the set of annual financial statements, the draft of the profit (loss) appropriation and the annual report of the Company, also on the activities of the Management Board and of the Manager of the Company;
- Make proposals and comments to the General Meeting on the draft of the distribution of the dividends for a period shorter than the financial year as well as on the set of interim financial statements and interim report drafted for this purpose;
- Submit proposals to the Management Board and the Manager of the Company to revoke their resolutions which conflict with the laws and regulations of the Republic of Lithuania, the Articles of Association or resolutions of the General Meeting;
- Propose the firm of auditors for the General Meeting;
- Consider other issues related to the supervision of the activities of the Company and its management bodies and attributed to the competence of the Supervisory Council by the Articles of Association or resolutions of the General Meeting; also, adopt resolutions that fall *per se* under the competence of the Supervisory Council;
- Ensure that the General Meeting properly informs the shareholders about the affairs and strategies of the Company, risk management and resolution of conflicts of interest;
- Ensure integrity and transparency of the financial statements and the control system of the Company;
- Approve transactions that the Company intends to conclude with the related parties, as they are indicated in the Law on Companies according to the order foreseen in this law. The Company deems that the transaction makes material impact to the Company, its finances, assets, obligations, if the value of such transaction is higher than 1/2 of the authorised capital of the Company;
- Be liable for the efficient, objective and unbiased supervision of the activities of the management bodies of the Company and of the representation of the interests of the minority shareholders.

The Management Board shall consider and approve:

- The annual report of the Company;
- The interim report of the Company;
- The structure of management and positions in the Company;
- The positions to which employees are recruited by holding competitions;
- Regulations of branches and representative offices of the Company.

The Management Board shall elect and revoke the Manager of the Company, fix his remuneration and other terms and conditions of the employment contract, approve his job description, provide incentives for him and impose penalties.

The Management Board shall determine which information shall be considered to be the commercial (industrial) secret, confidential information of the Company. Any information which must be publicly available under the Law on Companies and under other laws of the Republic of Lithuania may not be considered to be the commercial (industrial) secret, confidential information.

The Management Board shall adopt the following resolutions:

- Resolutions for the Company to become an incorporator or a member of other legal entities;
- Resolutions to open branches and representative offices of the Company;
- Resolutions to invest, transfer or lease the fixed assets the book value whereof exceeds EUR 300,000 (calculated individually for every type of transaction);
- Resolutions to pledge or mortgage the fixed assets the book value whereof exceeds EUR 300,000 (calculated for the total amount of transactions);
- Resolutions to offer surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds EUR 300,000;
- Resolutions to acquire fixed assets the price whereof exceeds EUR 300,000;
- Resolutions on transactions of the Company with the value exceeding EUR 300,000;
- Resolutions on taking loans with the value exceeding EUR 300,000;
- Resolutions to issue bonds;
- Other resolutions within the powers of the Management Board as prescribed by the Articles of Association or the resolutions of the General Meeting.

The Management Board shall analyse and evaluate the documents submitted by the Manager of the Company on:

- Organisation of the activities of the Company;
- Financial standing of the Company;
- Performance results, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Management Board shall analyse and evaluate the draft operating strategy presented by the Manager and information on the implementation of the operating strategy of the Company and together with comments and suggestions, provide to the Supervisory Council.

The Management Board shall analyse and evaluate the draft of the provision of the shares, which, together with comments and suggestions regarding, provide to the Supervisory Council and the General Meeting.

The Management Board shall analyse and assess the set of annual financial statements and the draft of profit (loss) appropriation of the Company and shall submit them together with comments and suggestions regarding them and together with the annual report of the Company to the Supervisory Council and the General Meeting. The Management Board shall determine the methods used by the Company to calculate the depreciation of tangible assets and the amortisation of intangible assets.

The Management Board shall analyse and assess the draft of the decision of distribution of dividends for a period shorter than the financial year and the set of interim financial statements, concluded for this purpose and shall submit them together with comments and suggestions regarding them and together with the interim report of the Company to the Supervisory Council and the General Meeting for consideration.

The Management Board shall be liable for the timely convocation and organisation of General Meetings.

The scope of powers of the manager of the Company, the procedure of appointing and removing the manager of the Company shall not be different from those set out in the Law on Companies.

The Manager of the Company shall be responsible for:

- Organisation of the activities and the implementation of the objectives of the Company;

- Drawing up of the set of annual financial statement and the annual report of the Company;
- Drawing up the draft of the decision for the distribution of the dividends for a period shorter than the financial year and preparation of the set of interim financial statements and interim report of the Company, which are necessary for the adoption of the decision to distribute dividends for a period shorter than the financial year;
- Drafting of the draft of the rules on provision of shares;
- Conclusion of the contract with the firm of auditors;
- Provision of information and documents to the General Meeting, the Supervisory Council and the Management Board in cases laid down in the Law on Companies or at their request;
- Provision of documents and particulars of the Company to the Register of Legal Entities;
- Provision of documents of the Company to the Bank of Lithuania and to Nasdaq CSD and to other institutions;
- Publication of information referred to in the Law on Companies in the source indicated in the Articles of Association;
- Announcement to shareholders, Supervisory Council and Management Board about the most material events, having the impact to activities of the Company;
- Provision of information to shareholders;
- Provision the Management Board and the Supervisory Council with all information required for proper performance of duties of these collegial bodies;
- Performance of other duties laid down in the Law on Companies and other laws and regulations as well as in the Articles of Association and the job description of the Manager of the Company.

The Manager of the Company may enter into transactions with the third party on behalf of the Company the value of which exceeds EUR 300,000 only with the prior written authorisation of the Management Board. The authorisation granted by the Management Board shall not release the Manager of the Company from liability for the entry into these transactions.

The Manager of the Company shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts with them, provide incentives and impose penalties.

The Manager of the Company shall set the rates used for calculating asset depreciation in the Company.

Rights conferred by the shares of the Company

Pursuant to Part IV of the Articles of Association, rights conferred by the shares of the Company are as follows:

- To receive a part of the profit of the Company (a dividend);
- To receive funds of the Company where the authorised capital of the Company is reduced for the purpose of paying the funds of the Company to shareholders;
- To receive a part of assets of the Company in liquidation;
- To receive shares without payment where the authorised capital of the Company is increased out of the funds of the Company, except in cases provided by the Law on Companies;
- To have the pre-emptive right in acquiring the shares or convertible bonds issued by the Company, except when the General Meeting resolves to withdraw the pre-emptive right for all the shareholders following the procedure provided by the Law on Companies;
- To transfer all or any of the shares to other persons following the procedure established by the Articles of Association and the laws and regulations of the Republic of Lithuania. Shareholders shall have the right to transfer only fully paid up shares to other persons;
- To lend money to the Company following the procedure and as provided by the laws of the Republic of Lithuania. However, when borrowing from its shareholders, the Company

- may not pledge its assets to the shareholders. When the Company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusions of the loan agreement. In this case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
- To attend General Meetings with a casting vote, and to vote at the General Meeting subject to the rights provided by the shares;
 - To submit questions to the Company in advance relating to agenda questions of the General Meeting;
 - To receive information about the Company specified in the Law on Companies;
 - To file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Manager of the Company and members of the Management Board of their obligations established by the laws of the Republic of Lithuania and the Articles of Association, as well as in other cases laid down by law of the Republic of Lithuania;
 - Other property and non-property rights provided by the laws and the Articles of Association.

All shares confer equal rights to all the shareholders.

Procedure of amending the Articles of Association

Pursuant to Part XIII of the Articles of Association:

- The Articles of Association shall be amended following the procedure provided by the laws of the Republic of Lithuania and the Articles of Association. A resolution to amend the Articles of Association shall be adopted by the General Meeting with the qualified majority of at least 2/3 of votes conferred by the shares of all shareholders present at the meeting, except in cases specified in the Law on Companies.
- After the General Meeting resolves to amend the Articles of Association, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised to do so by the General Meeting.
- All amendments and supplements of the Articles of Association shall come into force as of their registration following the procedure provided by the laws and regulations of the Republic of Lithuania.

Convocation of the General Meeting, participation in the General Meeting

Pursuant to Article 6.7 of the Articles of Association, the procedure of convocation, holding of the General Meetings and taking of decisions in the General Meetings is established in the Law on Companies. The main rules of convocation of and attending the General Meeting are as follows:

The right of initiative to convene the General Meeting shall be vested in the Supervisory Council of the Company, the Management Board and the shareholders who have at least 1/10 of all votes. As a rule, the General Meetings are convened by a decision of the Management Board.

General Meetings are annual and extraordinary. An annual General Meeting must be held every year within four months after the close of the financial year. The Law on Companies indicates that an extraordinary General Meeting must be convened if: (i) the Company's equity capital falls below 1/2 of the share capital and this matter has not been considered an annual General Meeting; (ii) the number of the Supervisory Council members falls below the 2/3 of the total number specified in the Articles of Association or below the minimum number indicated in the Law on Companies (i.e. three); (iii) the auditor or the audit firm terminates the contract with the Company or is unable to audit the set of annual financial statements of the Company due to other reasons; (iv) the convocation of the General Meeting is requested by the shareholders who have the right to initiate such convocation or by the Management Board or the Supervisory Council, or this is required under the provisions of Lithuanian law or the Articles of Association.

A notice of convocation of the General Meeting is to be made public no later than 21 days before the date of the General Meeting through the stock exchange information systems of Nasdaq Vilnius and WSE as a material event, and is also to be published on the Company's website www.auga.lt.

Additional matters to be included into the agenda of the General Meeting may be proposed by the Supervisory Council, Management Board and one or several shareholders holding shares that carry at least 1/20 of all votes no later than 14 days prior to the meeting. In addition, they may propose new draft decisions on the matters in the agenda prior to and during the General Meeting.

If the General Meeting is not held, a repeated General Meeting must be convened. It shall be convened after the lapse of at least 14 days and not later than after the lapse of 21 days following the day of the General Meeting which was not held. The shareholders must be notified of the repeat General Meeting no later than 14 days before the date of the repeated General Meeting in the same manner, as indicated above.

The persons who were shareholders of the Company at the close of the accounting day of the General Meeting (i.e. the fifth business day prior the date of the General Meeting) shall have the right to attend and vote at the General Meeting. The shareholder's right to attend the General Meeting also includes the right to speak and to ask questions regarding the items on the agenda of the General Meeting. The questions given to the Company by the shareholder regarding the items on the agenda of the General Meeting must be answered before the General Meeting, if such questions were received not later than 3 business days before the General Meeting.

Shareholders or persons authorised by them or persons with whom an agreement is concluded on assignment of voting rights may attend and vote at the General Meeting.

A person attending the General Meeting and entitled to vote shall produce a document which is a proof of his identity. A person who is not a shareholder shall additionally produce a document attesting to his right to vote at the General Meeting.

A shareholder or its proxy has the right to vote in advance in writing, by filling in a general ballot paper. If the shareholder requests so, the Company, no later than 10 days before the General Meeting, shall dispatch a general ballot paper by registered mail free of charge or deliver by hand. The general ballot paper shall also be available on the Company's website www.auga.lt no later than 21 days before the General Meeting. The filled-in general ballot paper and the document attesting to the right to vote must be submitted to the Company in writing prior to the General Meeting (it may be delivered by sending to the Company at the address Konstitucijos ave. 21C, Vilnius, Lithuania, by registered mail, or delivered by hand). If the general ballot paper is signed by a person, who is not a shareholder of the Company, a document attesting to signatory's right to vote at the General Meeting must be additionally presented.

The Company does not provide a possibility to attend the General Meeting and to vote by means of electronic communications.

4.22 Material Contracts

In the two years preceding the date of this Prospectus neither the Company nor any Subsidiary has entered into a material contract other than contracts entered into in the ordinary course of business (except for contracts related to acquisition or sale of entities (the most recent of which are referred to in Section 4.20.5 *Significant Changes in the Issuer's Financial or Trading Position*)). Furthermore, there are no other agreements entered into by any of the Group Companies (except being entered into in the ordinary course of business), which contains any provision under which any Group Company has any obligation or entitlement which is material to the Group as at the date of the Prospectus. Below are the described material contracts entered into in the ordinary course of business which are valid as at the date of the Prospectus.

Baltic Champs UAB contracts

Baltic Champs UAB is mostly engaged in selling mushrooms, and vegetables to third parties.

The main customer of Baltic Champs UAB is ICA Sverige AB accounting for 24% of sales by Baltic Champs UAB. Cooperation between the companies is based on the Framework Contract on Sale and Purchase of Fruit and Vegetables, which contains the following material terms: (i) several companies listed in the contract are entitled to purchase products based on the contract; (ii) products' specifications, price, volume and delivery terms are agreed individually, by issuing a separate order to Baltic Champs UAB; (iii) the framework contract is valid for an indefinite period, whilst commercial terms of this contract are revised annually; (iv) payments are performed within 35 days; (v) contract is governed by Swedish law; (vi) in case Baltic Champs UAB fails to perform its contractual obligations, it might be subject to complaints, returns, billing for damages, costs and expenses and (or) cancellation of purchase/purchase orders. ICA Sverige AB has the right to terminate the contract unilaterally in case Baltic Champs UAB breaches its obligations.

Other significant customers of Baltic Champs UAB are: Dagab Inkop & Logistik AB, COOP Norge HANDEL AS, Lindebo OÜ, Grybai LT KB, ETH Frukt & Gront AB.

Different standard forms of contracts are used for the sale of products to the said customers. All of the contracts contain the following common terms: (i) the prices are established in either in the contracts or in separate agreements/orders; (ii) the payment term varies from 30 up to 180 days; (iii) purchasers are entitled to compensation of damages suffered due to breaches by Baltic Champs UAB. The contract with COOP Norge HANDEL AS also requires Baltic Champs UAB to indemnify the counterparty against all consequences in relation to product liability claims and to obtain and maintain appropriate product liability insurance.

Most of the contracts may be terminated by the purchaser unilaterally in case Baltic Champs UAB breaches its obligations. Some of the contracts are concluded for indefinite term, whilst others are of short term.

Contracts on Sale and Purchase of Milk

Several Group Companies ((i) AUGA Grūduva UAB, (ii) AUGA Smilgiai ŽŪB, (iii) AUGA Želsvelė ŽŪB, and (iv) AUGA Jurbarkai ŽŪB) are engaged in selling raw milk to third parties. The main client of the Group Companies is Vilkiškių pieninė AB. Other important clients are Rokiškio sūris AB and Okregowa Spoldzielnia Mleczarska w Pietnicy.

The Group Companies use different forms of contracts for sale and purchase of milk proposed by milk purchasers. However, all contracts contain the following usual terms: (i) base price per 1 kg, which is differentiated according to total quantity sold; however, the final price may be subject to certain loyalty bonuses or bonuses for the quality of milk; (ii) minimum quantity of the milk to be sold / purchased; (iii) payment terms up to 30 days from delivery; (iv) right of each party to initiate change in price, however prices may only be changed upon agreement of both parties; (v) right of Group Companies to terminate contracts upon prior notice of 30 days in case of breach by milk purchasers; (vi) a penalty of 20% of the value of undelivered milk or 15% of the milk price ordered and confirmed on milk collection day, if Group Companies fail to supply the agreed amount of milk with respective quality (depending on type of contract).

The contracts concluded with Vilkiškių pieninė AB and Okregowa Spoldzielnia Mleczarska w Pietnicy are of indefinite duration and may be terminated by either party unilaterally upon a 45 days prior written notice. In other cases, short-term contracts (from 6 to 12 months period) are usually concluded for selling particular amount of milk.

Contracts on Sale and Purchase of Grain

Grain LT UAB is engaged in selling grain to third parties.

The contracts entered into by Grain LT UAB are based on several different standard forms of Contracts on Sale and Purchase of Grain. All of the contracts contain the following usual terms: (i) base prices per 1 tonne of grain; (ii) minimum quantity of the grain to be sold / purchased; (iii) the seller's right to terminate the contract upon a prior notice, if the purchaser breaches its contractual obligations. The contracts also provide for a penalty in case of failure by Grain LT UAB to supply the agreed amount of grain of respective quality in time. Some companies make advance payments for the grain.

The Contracts on Sale and Purchase of grain are short-term. They are usually concluded on a yearly basis (harvest to harvest) or for sale of particular quantity of grain.

Contracts on Agricultural Machinery Purchase-Sale and Lease with DOJUS agro UAB

DOJUS agro UAB is one of the main suppliers of Group Companies for sale and leasing of agricultural machinery. AUGA Grūduva UAB is mostly engaged in buying machinery, while other companies (e.g. KTG Agrar UAB, AUGA Želsvelė ŽŪB, and AUGA Žadžiūnai ŽŪB) lease the machinery from DOJUS agro UAB.

The standard form of contract for Sale and Purchase of Agricultural Machinery with DOJUS agro UAB contains the following standard clauses: (i) fixed price for each particular machinery unit; (ii) transfer of payments in two instalments, i.e. after the contract is concluded, and within a time period after the delivery; (iii) delay interest for late payments; (iv) right of DOJUS agro UAB to unilaterally terminate the contract by a prior written notice and request a penalty, if the purchaser fails to pay after additional term granted by DOJUS agro UAB, refuses to accept the goods or it becomes clear that the purchaser will not be able to perform its duties in the future; (v) right of the purchaser to terminate the contract unilaterally upon a prior notice, if the delivery is delayed for certain period of days; (vi) limitation of DOJUS agro UAB liability.

The standard form of contracts for lease of agricultural machinery contains the following standard clauses: (i) fixed prices for use of each particular machinery for agreed number of moto-rhours and additional fees for every extra motor-hour; (ii) advance payment, if the lease term exceeds agreed term; (iii) monthly payments; (iv) right of each party to terminate contract unilaterally upon a prior notice in case of the breach by the other party; (v) delay interest for delayed lease payments; (vi) penalty for return of dirty machinery.

Most of the contracts on Agricultural Machinery Lease Services are concluded for a particular period with the possibility of extension.

Contract on Supply of Oil Products with Naftėnas UAB

Naftėnas UAB sells oil products to the Group Companies according to the Framework Agreement entered into by the Issuer.

The Framework Agreement between the Company and Naftėnas UAB sets forth the right of 41 Group Companies to purchase oil products from Naftėnas UAB. Naftėnas UAB also grants the credit limit under the Framework Agreement. To secure the payments by Group Companies, certain Group Companies pledged their future crops in favour of Naftėnas UAB.

The Framework Agreement provides for the following contractual terms: (i) price of the oil products is calculated according to the price set by external supplier plus a fixed mark-up; (ii) the payment term is 30 days; (iii) annual interest rate for extension of the payment term; (iv) delay interest for delayed payments; (v) right of the supplier to suspend the supplies, in case of

delay in payments; (vi) the contract is effective for 1 year and are extended automatically unless one of the parties refuses to perform the contract or requires to review/terminate it.

Intra-group Contracts

Extensive trading is carried out within the Group Companies. Total turnover of transactions between related parties in 2017 amounted to EUR 30,199 thousand.

The following main groups of transactions within the Group Companies may be distinguished.

Accounting and Business Management Contracts

The Company provides accounting and business management services to other Group Companies. Two types of standard forms of contracts are used by the Company: (i) for the provision of accounting services; (ii) for the provision of business management services. The services are subject to fixed fee paid monthly. Most of the contracts are concluded for indefinite duration.

Contracts on Sale and Purchase of Grain

Grain trading is mostly carried out between Grain LT UAB and other Group Companies, where Grain LT UAB purchases grain from Group Companies and sells it to the third parties.

Several different standard forms of contracts are used for the intragroup grain transactions. The said contracts contain the following common clauses: (i) price per 1 tonne of grain of respective quality; (ii) the final price may be adjusted subject to market prices at the time of harvesting and afterwards until final payment term; (iii) a penalty of 20% of the value of unsold / unbought grain in case of failure to supply or buy the agreed amount of grain of respective quality; (iv) a penalty of 10% of the delayed amount in case of any delay in payments.

The validity of contracts depends on a particular situation and may be in range from several months to 15 months.

Contracts on Warehousing Services

Group Companies also provide intragroup grain warehousing and related services, i.e. grain storage, drying, weighing, quality testing, cleaning, etc. The main intragroup warehousing service provider is AgroBokštai ŽŪK. All of the top clients of AgroBokštai ŽŪK are Group Companies. Warehousing services are provided on standard terms.

The standard contract provides: (i) the prices for separate types of services per agreed quantity of grain; (ii) discounts; (iii) monthly payments; (iv) minimum quantity of the grain; (v) loss of discounts if the customer fails to provide the agreed amount of grain; (vi) delay interest of 0.05% for delayed payments; (vii) right of the service provider to take over the respective amount of the grain stored in case of failure to pay for the services for more than 5 business days. All contracts are of indefinite duration.

Contracts on Agricultural Machinery Lease

The main intragroup lease service provider on agricultural machinery is Agrotechnikos centras UAB. All of the top clients of Agrotechnikos centras UAB are the Group Companies.

Several different standard forms of intragroup contracts are used for lease of agricultural machinery. Most of the contracts provide monthly lease payment paid periodically. The contracts are usually concluded for a particular period of time. Some of them provide the possibility of extension.

Contracts on Cooperation in the Field of Agriculture

Group Companies also provide agriculture services to each other under cooperation agreements concluded in standard form. There are two main types of intra group cooperation services (i) growing and returning of heifers; and (ii) supply of organic feed and manure. Some of the contracts for supply of organic feed and manure provide for monetary settlement, whilst other contracts provide for settlement in the form of in-kind exchanges.

Most of the contracts on cooperation in the field of agriculture are concluded for indefinite period of time.

Financial Agreements

The Group Companies have concluded a number of financing agreements (credits, syndicated loans, credit lines, overdrafts, financial leasing) with external lenders as well as intergroup companies.

Financial Agreements with External Lenders

Total amount of outstanding debt to external financiers is EUR 54,622 thousand (data as of 31 March 2018). The main external financier of the Group Companies is Luminor AB. Also, the Group Companies have borrowed funds from other banks, including Swedbank, AB and AB Siauliu bankas. Mainly, the Group companies have borrowed (a) to refinance existing debts, (b) to raise working capital or (c) to finance acquisition of the equipment (in case of financial leasing). The main terms and condition of financing agreements with total commitments above EUR 1,000,000 are described below:

Agreement	Credit Line Agreement No KLS-2018-02-13 , dated 23.01.2018	Credit Line Agreement No 13-083778-IN/13-083798-KL , dated 28.11.2013	Credit Line Agreement No 326-TV , dated 22.12.2017
Creditor	Siauliu bankas AB	Swedbank AB	Luminor Bank AB
Borrower	Raseiniu agra UAB	Baltic Champs UAB	Auga group AB
Amount	EUR 1,140,000	EUR 2,400,000	EUR 17,600,000
Credit purpose	Refinancing part of a credit under the credit agreement No KS-2012-001-13. The borrower undertakes to submit to the bank copies of the application for direct subsidies under the agricultural development measures by 30 July of each calendar year. The borrower will be allowed to use credit line up to 90% of amount of the planned direct subsidies under the agricultural development measures but not more than maximum credit line amount. The borrower undertakes to extend the tripartite agreement between borrower, bank and National Payment Agency (NMA) for direct payments made by and transferred by the NMA to the credit account of the borrower opened with the bank; or submit an amendment to the respective agreement if any changes are made after 2020 year.	To raise working capital.	Refinancing of: 1) credit in the amount of EUR 4,000,000 under the Credit No 320-SKV with the borrower; 2) credit in the amount of EUR 7,000,000 under the Credit Agreement No 260 SKV with Grain UAB; 3) overdraft of EUR 1,000,000 under the Credit Agreement No 17/07/11 with Grūduva UAB.
Interest rate	3.3% or 6M EURIBOR plus 3.2% bank margin.	2.5% plus 6M EURIBOR.	4.2% plus 3M EURIBOR. Margin shall be reduced if certain conditions are met. 1)
Maturity term	05.12.2020	01.09.2018	21.12.2018, but credit repayment date can be unilaterally extended by the bank to 21.12.2019 30 days prior to the expiry term.
Change of control provision	If borrower's indebtedness to the bank exceeds EUR 60,000 no changes in shareholding structure is allowed.	Restriction to reduce shareholding of Mr. Kęstutis Juščius in Baltic	Restriction to reduce shareholding of Mr. Kęstutis Juščius in Baltic

		<p>Champs Group, UAB and Baltic Champs Group, UAB in the borrower below 50% plus 1 share results in an event of default. The borrower must notify the bank in 5 days:</p> <p>(a) after shareholder holding more than 10% shares changes;</p> <p>(b) changes management bodies of the borrower.</p> <p>Restriction to change ultimate beneficiary of the borrower (i.e. Mr Kęstutis Jusčius) does not apply in case shares of the borrower are traded on a stock exchange and none of the shareholders acquire 10% or more shares in the borrower.</p>	<p>Champs Group, UAB and Baltic Champs Group, UAB in the Company below 50% plus 1 results in an event of default. The borrower must notify the bank in 5 days:</p> <p>(a) after shareholder holding more than 5% changes;</p> <p>(b) management bodies of the borrower changes.</p>
Covenants	<p>(a) perform 50% commercial turnover within the bank accounts opened with Šiaulių bankas AB. Otherwise, higher interest rate (raised by 1%) shall be applied;</p> <p>(b) in case of financial deterioration or other negative circumstance the borrower must provide additional collaterals within 15 days;</p> <p>(c) the borrower must submit approved applications for direct payments to the bank;</p> <p>(d) the borrower must ensure that its business activities will not result in (a) cancelation of direct payments by NMA or (b) inspections re legality of paid direct payments.</p>	<p>(a) perform 80% commercial turnover of the borrower within the bank accounts opened with Swedbank AB;</p> <p>(b) transfer salaries of at least 70% of all employees of the borrower and ensure that at least 70% of all employees open bank account with the bank;</p> <p>(c) borrower's Debt-Service Coverage Ratio must be at least 1.3;</p> <p>(d) the equity capital of the borrower must be at least 40% of the total assets of the borrower;</p> <p>(e) borrower's debt/EBITDA ratio may not exceed 4;</p> <p>(f) Group Companies' consolidated debt/EBITDA ratio may not exceed 4;</p> <p>(g) undertakes that the amount of short-term financial obligations does not exceed 70% owned assets (including stocks of goods).</p>	<p>(a) perform 100% commercial turnover within the bank accounts opened with Luminor Bank AB;</p> <p>(b) Group Companies' consolidated equity ratio must be at least 40%;</p> <p>(c) Group Companies' consolidated Debt/EBITDA ratio must be not more than 4.25 and must be reduced to 3 until the end of 2018, etc.</p>
Security	<p>(a) pledge of all present and future cash funds in the borrower bank accounts;</p> <p>(b) mortgages over real estate of the borrower;</p> <p>(c) enterprise mortgage of the borrower;</p> <p>(d) suretyship of the Company;</p> <p>(e) tripartite agreement between borrower, Bank, and NMA with total value of EUR 645,000;</p> <p>(f) movable and immovable property are pledged by maximum mortgage agreements.</p>	<p>(a) mortgages over real estate;</p> <p>(b) pledge over movables and claim rights;</p> <p>(c) suretyship of the borrower.</p>	<p>(a) pledge over shares of certain Group Companies;</p> <p>(b) enterprise mortgages of certain Group Companies;</p> <p>(c) suretyships of certain Group Companies.</p>

Agreement	Syndicated Loan Agreement No 16-002731-IN , dated 07.01.2016	Syndicated Loan Agreement No 106-IV , dated 08.07.2016	Credit Agreement No 2662-06IV/18 , dated 23.06.2006
Creditor	Luminor Bank AB (ex DNB bank AB) and Swedbank AB	Luminor Bank AB (ex DNB bank AB) and Swedbank AB	Luminor Bank AB (ex DNB bank AB)
Borrower	Baltic Champs UAB	AUGA Eimučiai ŽŪB; AUGA Skėmiai ŽŪB; AUGA Smilgiai ŽŪB; AUGA Žadžiūnai ŽŪB; AUGA Želsvelė ŽŪB; AUGA Mantviliškis ŽŪB; AUGA Lankesa ŽŪB; AUGA Dumšiškės ŽŪB; AUGA Vėriškės ŽŪB; AUGA Alanta ŽŪB; AUGA Jurbarkai ŽŪB; AUGA Nausodė ŽŪB; AUGA Kairėnai ŽŪB; AUGA Spindulys ŽŪB	KTG Agrar UAB
Purpose	Refinancing credit No 13-083778-IN, dated 28.11.2013, granted to the borrower	(a) Credit in the amount of EUR 6,660,061 to be used to refinance credit No 39-14IV, dated 18.04.2014, granted to the borrower; (b) Credit of EUR 1,000,000 to be used to refinance 60% of costs of the borrowers and Grūduva UAB occurred with respect to acquisition of land plots.	Refinancing of the credit line granted to KTG Agrar UAB
Amount	EUR 8,903,373	EUR 7,242,937	EUR 2,498,790
Interest rate	2.5% plus 6M EURIBOR. Margin may be increased 1.5 time in case of failure to perform financial covenants or by 1.3 time in case of failure to make payment on time or perform turnover through the bank.	3.3% plus 3M EURIBOR	4% plus 6M EURIBOR
Maturity term	31.12.2020	31.12.2020	31.03.2021
Voluntary Prepayment fees (if any) and	Prepayment is subject to: (a) a 3-day notice; (b) payment of a prepayment fee equal to 0.7% or 0.5% of prepaid amount if repayment is made on the reference rate adjustment date.	Prepayment is subject to: (a) a 10-day notice; (b) payment of a prepayment fee equal to 2% of prepaid amount.	Prepayment fee of 2% of prepaid amount and a prior written notice.
Change of control provision	The borrower must notify the bank in 5 days after more than 10% of shares of Baltic Champs UAB have been transferred. Restriction to reduce shareholding below 50% plus 1 of the following shareholders: (a) Mr. Kęstutis Juščius in the borrower; (b) Mr. Kęstutis Juščius in the Baltic Champs Group, UAB; (c) Baltic Champs Group, UAB in the Company; (d) The Company's in the borrower.	No changes in shareholding structure of any borrower without a prior written consent of the bank. The borrower must notify the bank in 5 days after more than 10% of shares of any borrower have been transferred.	The borrower must notify the bank in 5 days: (a) after shareholder holding more than 5% changes; (b) management bodies of the borrower changes. Without a prior bank's consent, it is not allowed to change shareholder holding

			50% plus 1 shares in the borrower.
Covenants	(a) Equity ratio at least 40% of the total assets; (b) company's Debt-Service Coverage Ratio at least 1.3; (c) company's debt/EBITDA ratio not more than 4; (d) Group Companies' consolidated debt/EBITDA ratio not more than 5.	(a) At least 90% turnover to be performed through Luminor Bank AB;	(a) All turnover of the borrower performed through the bank;
		(b) Group's Consolidated debt/EBITDA ratio may not exceed 5; (c) Group's Consolidated equity ratio must be at least 40%.	
Security	(a) Mortgages over real estate of the borrower; (b) enterprise mortgage of the borrower – all short term movable assets with value EUR 1,448,100; (c) pledge over trademarks; related property or non-property rights; and sublease agreement rights; (d) suretyship of the Company.	(a) Mortgages over real estate; (b) enterprise mortgage; (c) suretyship of Baltic Champs UAB and the Company.	(a) Pledge of property complex of KTG Agrar UAB (movable and immovable property rights and funds); (b) pledge of property complex of KTG Eko Agrar UAB (movable and immovable property rights and funds); (c) pledge of property complex of Agrar Pauliai UAB (movable and immovable property rights and funds); (d) pledge of property complex of KTG Grūdai UAB (movable and immovable property rights and funds); (e) pledge over bank accounts of the borrower; (f) suretyships of the borrower Group Companies.

Agreement	Credit agreement No KS 17/07/11 , dated 14.07.2017
Creditor	Luminor Bank AB (ex Nordea Bank AB Lithuania branch)
Borrower	AUGA Grūduva ŽUB
Purpose	Financing of the group companies
Amount	EUR 2,000,000
Interest rate	Credit margin: 2.65% plus 3M EURIBOR
Maturity term	30.06.2022
Voluntary Prepayment and fees (if any)	Prepayment is subject to: (a) a 10-business day notice; (b) prepayment fee 1% of prepaid amount; and; (c) reimbursement of reinvestment costs, interest.
Change of control provision	Material change in shareholding structure of the borrower is event of default. Prior or after change of management of the borrower, the borrower must notify the bank.
Covenants	(a) Perform commercial turnover within the bank accounts opened with bank; (b) Group Companies' equity ratio must be at least 40%; (c) Group Companies' consolidated Debt/EBITDA ratio must be not more than 4.25 and must be reduced to 3 until the end of 2018 (except Mezzanine Management GmbH loan to Company); (d) Capex I can reach EUR 500,000 for the year 2018 and Capex II can reach EUR 16,400,000 for the year 2018 after SPO of the Company.
Security	(a) Mortgages over real estate of the borrower; (b) pledge over bank account, equipment, sublease rights; (c) suretyship of the Company.

Agreement	Credit agreement 18-030290-KL , dated 20.06.2018
Creditor	Swedbank AB
Borrower	AUGA group AB
Purpose	Financing of the Group Companies
Amount	EUR 5,000,000 (credit line)
Interest rate	Credit margin: 3.5% plus 6M EURIBOR
Maturity term	21.12.2018
Voluntary Prepayment and fees (if any)	N/A
Change of control provision	Kęstutis Juščius owns less than 50% plus one share in Baltic Champs Group UAB or indirectly in the borrower
Covenants	(a) Group Companies' equity ratio must be at least 40%; (b) Group Companies' short-term debt may not exceed 70% of the total amount of the Group Companies' stock and receivables; (c) Group Companies' consolidated Debt/EBIDTA ratio must be not more than 4.25 in I-II Q 2018 and must be reduced to 4 in the III-IV Q 2018.
Security	(a) Enterprise mortgages of the Group Companies; (b) suretyships of the Group Companies.

The above contracts also contain other covenants common for such type of financing transactions, including negative pledge, limitations on borrowing, lending, etc. Particular covenants depend on a particular contract.

Intragroup Loan Agreements

Generally, intragroup loans are extended through Group Company Žemės vystymo fondas 20 UAB. However, there are several loan agreements concluded by and between other Group Companies (without intermediation of Žemės vystymo fondas 20 UAB). The intragroup loan agreements are usually concluded according to the standard form. The standard agreement does not contain any extraordinary terms and conditions, except for the fixed annual interest rate of either 8% (loans extended as of 2009) or 7%. Since 1 January 2017 interest rate is 3.5%. Total exposure of outstanding intragroup loans amount to approx. EUR 17 million as at 31 December 2017.

4.23 Information on Holdings

There are no other undertakings (except for the Subsidiaries) in which the Issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

4.24 Third Party Information and Statement by Experts and Declarations of any Interest

With respect to certain portions of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced as far as the Company is aware and is able to ascertain from the information published by such other third parties that no facts have been omitted, which would render the reproduced information inaccurate or misleading.

The auditors' reports on the Consolidated Financial Statements, prepared in accordance with the IFRS are incorporated in this Prospectus by reference in accordance with Article 28 of the Prospectus Regulation. These reports were prepared by the auditors, indicated in the Section 4.1 *Statutory Auditors*.

V. SHARE SECURITIES NOTE

5.1 Working Capital Statement

In the opinion of the Issuer, the working capital of the Group is sufficient for its present requirements (12 upcoming months). Historical working capital as at dates of balance sheet together with relevant ratios is presented in the table below.

Table 41

Item	31 March 2018	31 December 2017	31 December 2016	31 December 2015
Total current assets, EUR '000	53,855	49,417	35,397	28,405
Total current liabilities, EUR '000	48,764	42,698	25,768	38,145
Working capital, EUR '000	5,091	6,719	9,629	(9,740)
Liquidity ratio (x)	1.10	1.16	1.37	0.74
Quick ratio (x)	0.62	0.56	0.78	0.51

Source: the Company (unaudited)

Working capital = Total current assets - Total current liabilities

Liquidity ratio = Total current assets / Total current liabilities

Quick ratio = (Total current assets - Inventory) / Total current liabilities

The consolidated working capital of the Group in 2017 and 2016 was positive while in 2015 was negative. Due to business specifics of the Group, related to agriculture and specifically organic farming, working capital needs for business operations have comparatively high seasonality throughout the year. Working capital needs usually peaking at the second and third quarters. The Group uses short-term credit line facilities to finance working capital. As of 31 December 2017, the Group's short-term credit line borrowing amounted to EUR 13,607 thousand (2016: EUR 5,350 thousand). As of 3 months ending 31 March 2018, the Group's short-term credit line borrowing amounted to EUR 21,673 thousand (unaudited). Credit line facilities are used to finance working capital and is renewed annually on regular basis.

The Group's consolidated liquidity ratio has nearly doubled to 1.4x in 2016, which shows that in 2016 the Group's current assets exceeded current liabilities more than one time. In 2015 the ratio was 0.7x, resulting in a 2016 improvement in the liquidity ratio and working capital management. However, in 2017, the Group's liquidity ratio narrowed a little back to 1.2x and 1.1x during the first quarter of 2018, though it still represents a healthy level of liquidity above 1.0x.

Inventory represented 12% of total assets in 2016, compared to 7% of total assets in 2015. Inventories, when measured against cost of goods sold, amounted to 54% in 2016, while in 2015 they were only 24%. Inventories accounted only for 38% of total sales in 2016. By the end of 2017, inventories accounted for approx. 17% of total assets.

In 2016, trade payables as a percentage of sales stood at 22%, while trade receivables, advance payments and other receivables were at 34%. In part, this is attributable to the fact that trade payables are lower in absolute numbers than trade receivables, advance payments and other receivables by 1.5x. Trade receivables, advance payments and other receivables at the end of 2016 were 11% of total assets relative to 8% at the end of 2015. This ratio slipped back to just above 7% in 2017. Trade payables, in turn, remained relatively stable compared to 2015 at 7% of total assets at the end of 2016, before rising to 10% in 2017.

The Group's consolidated quick ratio, which measures the relation between current assets (excluding inventories) and current liabilities was 0.8x in 2016, up from 0.5x in 2015. The quick ratio in 2017 has reduced down slightly to between 0.5x and 0.6x. This increased back above 0.6x during the first quarter of 2018. This number shows that if repayment of all current liabilities would have been required on the spot, the Group may find it challenging to cover them with its highly liquid short-term assets.

5.2 Capitalisation and Indebtedness

The tables below present the information on the consolidated capitalisation and indebtedness of the Group as at 30 April 2018. The tables below should be read in conjunction with the Consolidated Financial Statements, Consolidated Interim Information and other financial data and information contained in the Section 4.20.1 *Historical Financial Information*.

Table 42: Capitalisation of the Group (EUR'000)

<i>Item</i>	<i>As of 30 April 2018 (unaudited)</i>
Current debt:	
Current portion of non-current borrowings	4,197
Current portion of non-current obligations under finance lease	2,577
Short-term borrowings from banks, legal entities and private individuals	20,893
Total	27,667
Guaranteed	21,333
Secured	23,394
Unguaranteed/Unsecured	4,273
Non-Current debt (excluding current portion of long-term debt):	
Non-current borrowings from banks, legal entities and private individuals	17,819
Obligations under finance lease	8,922
Total	26,741
Guaranteed	20,601
Secured	26,741
Unguaranteed/Unsecured	-
Shareholder's equity:	
Share capital	54,351
Share premium	738
Revaluation Reserve	5,889
Legal Reserve	1,648
Reserve for granting of shares	957
Currency exchange differences	(165)
Retained earnings / (accumulated deficit)	15,636
Minority interest	343
Total	79,397
Total Capitalization (total current debt + total non-current debt + total equity)	133,805

Sources: Consolidated Interim Information, the Company

Based on the current level of capitalization, total current debt of EUR 27,667 thousand, the majority of which (EUR 20,893 thousand) related to current borrowings from banks, legal entities and private individuals. With the exception of EUR 4,273 thousand, this current debt is predominantly secured and guaranteed. Likewise, all of the EUR 26,741 thousand non-current debt is secured. Approximately 67% of the non-current debt relates to borrowings from banks, legal entities and private individuals. The balance of EUR 8,922 thousand represents obligations under finance lease.

In terms of equity, including minority interest (EUR 343 thousand), the Group has EUR 79,397 thousand, of which EUR 54,351 thousand and EUR 738 thousand are attributed to share capital and share premium, respectively. Revaluation reserve EUR 5,889 thousand. Legal reserve was increased to EUR 1,648 thousand and reserve for granting of shares EUR 957 thousand was formed based on decisions of Annual General Meeting which took place on 30 April 2018. Retained earnings were EUR 15,636 thousand as at 30 April 2018.

Taking the total financial debt and equity into consideration, the Group has a total capitalization level of EUR 133,805 thousand.

Table 43: Indebtedness of the Group (EUR'000)

<i>Indebtedness</i>	<i>30 April 2018 (unaudited)</i>
Cash and cash equivalents	622
Liquidity	622
Current Financial Receivables	11,285
Current Bank and other financial debt	20,893
Current portion of non-current debt	4,197
Current portion of non-current obligations under finance lease	2,577
Current Financial Debt	27,667
Net Current Financial Indebtedness	15,760
Non-current borrowings from banks, legal entities and private individuals	17,819
Obligations under finance lease	8,922
Non-current Financial Indebtedness	26,741
Net Financial Indebtedness	42,501

Sources: Consolidated Interim Information, the Company

In terms of the Group's indebtedness, as discussed above, the total current financial debt and total non-current financial debt are EUR 27,667 thousand and EUR 26,741 thousand, respectively. The Group has a cash and cash equivalents position of EUR 622 thousand, representing its level of liquidity. On top of that, the Group has current financial receivables on its balance sheet of EUR 11,285 thousand, taking the current level of indebtedness to EUR 42,501 thousand.

There is no indirect or contingent indebtedness considered.

5.3 Interest of Natural and Legal Persons Involved in the Issue

The Global Lead Manager has a contractual relationship with the Issuer and with the Selling Shareholder in connection with the Offering and the Admission and has been mandated to act as the Global Lead Manager for the Offering and the Admission of the New Shares on Nasdaq Vilnius and on the WSE.

The Global Lead Manager advise the Issuer and the Selling Shareholder in connection with the Offering and the Admission and coordinate the structuring and execution of the transaction. Furthermore, the Global Lead Manager is involved in the Prospectus preparation process. If the transaction is successfully executed, the Global Lead Manager will receive a commission which depends on the actual value of the sold Offer Shares.

The Global Lead Manager or its affiliates may acquire the Offer Shares in connection with the Offering as Investor and hold or sell those Shares for its own account, also outside of the Offering period, which shall not constitute a preferential allotment. The Global Lead Manager does not intend to disclose the extent of such investments or transactions unless required by law.

The Global Lead Manager and its affiliates could have been engaged in and may in the future engage in, investment banking, advisory services and other commercial dealings in the ordinary

course of business with the Company and the Major Shareholders and any of its affiliates. The Global Lead Manager and its affiliates have received and may receive in the future customary fees and commissions for these transactions and services.

5.4 Reasons for the Issue and Use of Proceeds

Reasons for the Issue and Use of Proceeds by the Company

Provided that the Offering is successful and that all the New Shares (altogether 40,000,000) are issued by the Company and subscribed for, using the mid-point of the Offer Price Range, the expected amount of gross proceeds of the Offering received by the Company from the subscription of the New Shares shall be up to EUR 19,000 thousand.

Expenses directly related to the Offering are estimated to be approximately EUR 1,200 thousand (for more information on this issue please see the Section *Placement Agreement* below).

According to the decision of the Annual General Meeting, dated 30 April 2018, expenses of the Offering shall be shared by the Company and the Selling Shareholder proportionately to the number of the New Shares and Sale Shares sold during the Offering. Therefore, the net proceeds of the Company from the Offering, taking into account the assumptions made in the first paragraph of this Section, are expected to be up to EUR 18,200 thousand (i.e. EUR 19,000 thousand gross proceeds minus approximately EUR 0.800 thousand of proportionate part of the expenses directly related to the Offering).

The Company intends to use the net proceeds of the Offering primarily to finance the Company's ongoing development projects (which may *inter alia* include acquisitions), and thus laying foundation for further business development, both domestically and internationally. The Management believes that this will provide opportunities to meet the increasing demand of organic markets and to expand the production of organic products for end consumers. During the last few years, the Company has successfully executed its strategic plans by signing several successful acquisition transactions and demonstrated improving business results.

The planned use of proceeds by the Company is provided in the table below. A combination of both equity, bank debt and internal cash flow financing sources are expected to be applied, with the total capex programme totalling EUR 30,000 thousand.

The following are projects ready for the implementation stage and are listed in order of priority. Majority of listed projects are scalable and can be implemented in separate stages, therefore implementation speed and scope will depend on the amounts of funds raised during the Offering, attracted additional bank financing and will be subject to factors including, without limitation the Management's discretion considering the operating environment, market demand / supply development, etc.

Use of proceeds by the Company	EUR thousand
Further development of recently acquired agricultural companies	4,000
Combined feedstock production plant	7,000
Expanding poultry farms	6,000
Biogas conversion and purification, introduction of biomethane as a second-generation biofuel	4,000
Building new generation dairy farms	6,000
Other Research and Development activities	3,000
Total	30,000

New development projects, being considered by the Company

The Research and Development (R&D) Department was created by the Company more than 2 years ago (on 30 March 2016). The projects have been chosen for a combination of strategic value and sustainability. Approximately EUR 15m have been invested during the past 3 years into this area. The innovations and projects being developed are planned to be instituted separately and using a combination of both equity and debt-sourced funding, as well as EU-related grants. No projects with payback greater than 4-6 years are generally considered.

The Company's long-term vision is to aim towards being a CO2 neutral farming enterprise, where circular economy principles are being applied (sustainability).

Further development of recently acquired agricultural companies

Consideration c.a. EUR 4,000 thousand

Additional investments are planned into specialised organic agriculture tolling & equipment, seed preparation technology and working capital in order to integrate recently acquired two agriculture companies – KTG Agrar and Raseiniu Agra. These two acquisitions executed during 2017 expanded the land cultivated by the Group from 25 to 38 thousand hectares in 2018. The Groups seeks to implement same agricultural processes and technologies in the new companies in order to reach same efficiencies as in existing operations.

Combined feedstock production plant

Consideration c.a. EUR 7,000 thousand

At present there are insufficient facilities in the region (capacity, quality) when it comes to providing organic-based grain processing. Utilising conventional facilities for organic purposes is not possible due to contamination risk. A dedicated organic feedstock production plant is essential for high quality organic feed availability for internal purposes, both for cattle and poultry (as both areas are undergoing expansion). It is expected that around half of the total capacity would be used internally. Different types of feed are required for different animals, including within the dairy cow herd.

More than half of the costs for animal-related operations are feed-related. High quality feed is essential for the economics of dairy and poultry farming. Materials sourced would be provided by the Company as well as trusted local farmers. This also helps to maximise traceability of the products to be used.

Currently the majority of grain is sold externally as a commodity. This helps to extend the total value added for each product.

Engineering and construction would be mainly outsourced, while some existing structures will be possible to be utilised, reducing the total outlays.

Should such a feedstock production plant project not be executed by the Company this could lead to reduced efficiency of both the Company's and surrounding farms' operations.

Expanding poultry farms

Consideration c.a. EUR 6,000 thousand

Taking into account the region's colder climatic conditions, the Company has developed its own designs which meet both efficiency targets (labour, energy) and deliver improved animal welfare (critical for organic farms as there is no possibility to use antibiotics). Furthermore, they meet EU organic farming regulations, which are quite strict. The farms are modular (moveable), which

help to increase efficiency by moving with agricultural machinery to new (adjacent) locations and therefore reduce the risk of diseases. Organic free-range farming regulations also require poultry to be able to spend time outdoors for certain periods. The farms have solar power and can be run using a mobile phone-related application (remote monitoring and control). Two pilot projects have been successfully executed by the Group. Poultry and eggs are staple foods when it comes to an everyday consumer's diet, hence a full-scale launch is planned.

For more information on poultry farms please see here: <https://www.youtube.com/watch?v=4eCz93zn0HY>.

Biogas conversion and purification, introduction of biomethane as a second-generation biofuel

Consideration c.a. EUR 4,000 thousand

The Group has a vision of CO₂ neutral farming. One of the main contributors to achieving this aim includes switching the main source of energy for tractors from diesel to biogas, which is planned to be produced from cow and chicken manure and upgraded to purified biomethane.

The Group participates in joint venture with the other financial and industrial investors which plans to build 5 anaerobic digestion production plants in the territory of the Group's agriculture companies. These plants will convert majority of cow and chicken manure used currently as organic fertiliser in the Group's agriculture companies into raw biogas (~60% biomethane).

The digestate (organic waste left after biogas production) will be used as an effective fertilizer in the Group's organic fields where cash and forage crops are grown. Using organic digestate not only reduces greenhouse gas emissions but also improves grain fertility on average 18%, compared to regular organic fertilizers (such as manure) used in organic farming. The Group plans to make additional investments into digestate accumulation and storage facilities in order to efficiently apply this valuable fertiliser during major seeding and cultivation periods in spring and autumn.

Purification of raw biogas provides very clean fuel which has high energy value, however the existing production processes of upgrading the raw biogas to purified biomethane still cause environmental methane pollution (leakage during the upgrade process). Therefore, the Group participates in and leads a cluster of deeply-involved parties (including a university) which aims to create technology which would eliminate such leakage.

The Group also co-operates with producers developing biomethane-driven tractor prototypes, with the aim of having them upgraded and introduced such equipment into the Company's daily operations.

Current EU regulation and local legislation are very supportive for this project as there are high requirements for countries in reaching amount of second generation biofuel used in transportation.

Building new generation dairy farms

Consideration c.a. EUR 6,000 thousand

Organic milk is one of the main items in the organic food consumer basket. To achieve a closed loop organic agriculture model, the Company also needs a sufficient supply of cow manure. Innovative cow farms will adhere to high animal welfare and sustainability standards.

EUR 6m shall be used to build two pilot dairy farms to be equipped with latest technology and innovations to ensure animal welfare (including life expectancy, better health and shelter facilities, milk yield). To be transparent about the Company's products' transition from field to

shelf and to increase consumer confidence, the farms will also be open to consumers for educational purposes. These two new farms will not only be full-scale production facilities, but upon successful completion of the pilot projects the Company will be using the accumulated knowledge to build additional dairy farms.

Other R&D activities

Consideration c.a. EUR 3,000 thousand

The Group is committed to using the most innovative technologies and methods in its operations, as from its experience they ensure better crop yields, enables farming in a sustainable way and produces organic food at affordable prices. However, as the trend towards organic food is quite new and a rapidly developing area, existing technologies and its producers cannot keep pace with the requirements and the needs of organic farming and production. Therefore, the Group itself selectively develops its own solutions and equipment for sustainable food value chain from farm to end-consumer. EUR 4m shall be used for:

- (a) development and implementation of all such equipment and solutions; and
- (b) pre-preparation phases of new investment projects to further expand the Company's future growth prospects.

Working capital expansion

The development projects mentioned above will take time to implement. Prior to Offering proceeds being absorbed into particular projects and to prevent them from being idle, the Company expects to utilise some of the proceeds for working capital purposes when required in order to reduce external financing costs.

Use of Proceeds by the Selling Shareholder

Provided that the Offering is successful and that the Sale Shares (up to 20,000,000) are sold at the mid-point of the Offer Price Range, the expected amount of gross proceeds of the sale of the Sale Shares to be received by the Selling Shareholder shall be up to approx. EUR 9,500 thousand. The Selling Shareholder shall cover part of the expenses directly related to the Offering, proportionate to the number of Sale Shares sold during the Offering (i.e., approximately EUR 400 thousand). Therefore, the net proceeds of sale of the Sale Shares (if all 20,000,000 were sold) are expected to be up to approx. EUR 9,100 thousand.

The Selling Shareholder intends to use the net proceeds from the sale of the Sale Shares primarily for the repayment of outstanding debts (credits, loans), which as of the date of this Prospectus amounts to a net amount of EUR 28.5m, and remaining part of it – to finance its ongoing projects as they occur. Without limiting the foregoing, upon occurrence of the Offering, the Selling Shareholder will apply at least 80% of net proceeds from the sale of the Sale Shares towards the prepayment of its existing commercial bank debt facility once the funds from the sale of the Sale Shares are received by the Selling Shareholder. On the Prospectus approval date, the Sale Shares are pledged to the lender financing the Selling Shareholder to secure the latter's outstanding obligations to the lender. Sale Shares, if sold, would be unencumbered (with clear title).

5.5 Information Concerning the Securities to be Offered and Admitted to Trading

Description of the Shares

Description of the Shares (including the New Shares):

Type of Shares: ordinary registered shares

ISIN number:	LT0000127466. After issuance of the New Shares and assimilation of the previous issue, ISIN number of the New Shares will be the same as the number of Shares already issued
Currency of the Share issue:	EUR (euros)
Number of currently issued Shares:	187,416,252
Number of New Shares to be newly issued:	up to 40,000,000
Number of Sale Shares to be sold by the Selling Shareholder:	Up to 20,000,000, subject to the condition that the creditors of the Selling Shareholder do not object to such offering of the Sale Shares
Nominal value of the Share:	EUR 0.29
Form of the Shares:	Dematerialized shares in book-entry form. Entity currently in charge of keeping the records is Orion Securities UAB FMI, corporate ID code 122033915, registered at Antano Tumėno str. 4, B block, Vilnius, the Republic of Lithuania
Stock exchanges:	Nasdaq Vilnius and WSE (following the capital increase of the Company under the decision of the General Meeting of 28 March 2018 (as amended on 30 April 2018 and as detailed by the decisions of the Management Board, dated 19 June 2018 and 25 June 2018) the Company will also apply regarding admission of the New Shares to trading on both of the indicated stock exchanges)

Legislation under which the Shares have been created

Legislation, under which the Shares have been created also under which the New Shares will be created, includes the Civil Code of the Republic of Lithuania, the Law on Companies, the Law on Securities and other related legal acts.

Decision by which the New Shares are issued

The New Shares are being issued by the resolution of the Extraordinary General Meeting of 28 March 2018 (as amended on 30 April 2018 and as detailed by the decisions of the Management Board, dated 19 June 2018 and 25 June 2018). The New Shares are expected to be issued on or about 26 July 2018.

Please note, however, that on 16 July 2018 an Extraordinary General Meeting is convened. In this Extraordinary General Meeting a decision regarding amendment of the decision on agenda issue 1.4 taken by the Company at the Extraordinary General Meeting, held on 28 March 2018, amended by decision on agenda issue 6 of the Annual General Meeting held on 30 April 2018, by increasing the number of the existing shares held by Baltic Champs Group UAB and offered together with the public offering of the Shares of the Company from 20,000,000 Shares up to 40,000,000 Shares, as referred to in the decision was put for voting. It is suggested for the Extraordinary General Meeting to set out the respective decision as follows:

1.4. To establish that the newly issued shares to be issued under the decisions of the General Meeting, dated 28 March 2018 (up to 80,000,000 new ordinary registered shares with a nominal value of EUR 0.29 each, "Newly Issued Shares") shall be offered to the investors during the public offering of the shares of the Company together with up to 40,000,000 existing shares, owned by Baltic Champs Group UAB ("Existing Shares"), subject to the condition that the creditors of Baltic Champs Group UAB do not object to such offering of the Existing Shares. The General Meeting confirms that it consents and does not object that during the offering the

Existing Shares, held by Baltic Champs Group UAB may be offered together with the Newly Issued Shares and that during the offering no Company's shares, held by any other shareholders of the Company will be offered; if the Existing Shares will be offered together with the Newly Issued Shares, the costs of the public offering process will have to be covered by the Company and the Selling Shareholder accordingly to the number of the sold Newly Issued Shares and the Existing Shares respectively. To delegate to the Board to determine the final issue price of the Newly Issued Shares (which will also be the final sale price of the Existing Shares, if applicable), define the detailed conditions and procedure for the subscription, payment and placement of the Offer Shares (including the Existing Shares, if applicable). The Board is commissioned and authorised to draft, approve a prospectus for the public offering of the offer shares (including the Existing Shares, if applicable) and admission of the Newly Issued Shares to trading on regulated markets (WSE and Nasdaq Vilnius) and to submit the prospectus to the Bank of Lithuania for approval in compliance with this decision and applicable legislation.

Consequently, if the above Extraordinary General Meeting, dated 16 July 2018 will approve the indicated decision, the respective supplement of the Prospectus will be drafted by the Company, provided for approval of the Bank of Lithuania and and notification to the PFSA (after approval and notification) announced in the same manner as the Prospectus.

Free transferability of the Shares

There are no restrictions on transfer of Shares (including the New Shares) as they are described in the applicable laws.

Public takeover bids for the Shares

During the last financial year and the current financial year there were no public takeover bids by third parties in respect of the Shares. With regards to all the Shares (including the New Shares), general rules on public takeover bids, described in applicable laws would be applicable. For more information on this regulation, please see the Section *Certain Lithuanian and Polish Securities Market Regulations*.

Rights and Obligations Granted by the Shares

All the Shares, including the New Shares, are *pari passu* (at an equal pace without preference) with regard to property and non-property rights they grant to shareholders.

Exercise of rights granted by Shares of the Company may be limited only on the grounds and under the procedure prescribed by laws. The Articles of Association do not provide for any exceptions to this rule.

The record date of the property rights of shareholders is the tenth business day after the General Meeting that took a relevant decision, i.e. the property rights determined by a decision of the General Meeting are held by the persons who were shareholders of the Company at the close of the tenth business day after the General Meeting which took a relevant decision.

The list of the shareholders' rights indicated in the Articles of Association is provided in the Section 4.21.2 *Articles of Association*. Below is the brief description of certain material rights of the Company's shareholders.

Dividend and other distributions

Pursuant to the Law on Companies, the Issuer may distribute its profits or assets to shareholders only (i) by paying dividend; (ii) in case of liquidation of the Issuer; or (iii) in case of reduction of the authorised capital of the Issuer. The persons, who were shareholders of the Company at the close of the tenth business day (the record date) after the General Meeting that took a relevant decision, shall have a right to receive the respective amounts.

Dividend

A dividend is a share of profit allocated to a shareholder in proportion to the nominal value of shares owned by the shareholder. If a share is not fully paid-up and the time limit for the payment has not yet expired, a dividend will be reduced in proportion to the unpaid amount of the share price. If the share is not fully paid-up and the time limit for the payment has expired, no dividend is paid.

A dividend can be declared by a decision of the General Meeting. The Issuer can declare dividend from the profit available for appropriation, which consists of the new profit of the accounting year, plus or minus, respectively, the profit (loss) brought forward from the previous year and reserves that the shareholders, following the procedure established by laws, decide to distribute, and minus any sums that the General Meeting decides to allocate for other purposes pursuant to the requirements of the Law on Companies. Permission from financing banks may also be necessary, depending on the financial leverage at the time.

Dividend is paid to shareholders pro rata to the aggregate nominal value of shares held by them. Dividend is not cumulative as the Issuer has not issued any preference shares with cumulative dividend, owners of which would be guaranteed the right to dividend in the amount indicated in such shares.

The General Meeting may not adopt a decision to allocate and pay dividend if: (i) the Issuer has outstanding obligations which became due before the decision of the General Meeting; (ii) the Issuer's result of the reporting financial year available for distribution is negative (i.e. losses have been incurred); (iii) the equity of the Issuer is lower or upon payment of dividend would become lower than the aggregate amount of the authorised capital, the mandatory reserve, the revaluation reserve and the reserve for redemption of own shares.

The Issuer must pay the allocated dividend within one month from the day of adoption of a decision by the General Meeting on allocation and payment of dividend. The term of limitations with respect to filing a dividend payment claim with the court expires 10 years after the date the dividend had to be paid, in which case the unpaid dividend amount goes to the Issuer.

The Law on Companies also provides with a possibility to pay dividend to shareholders for a period shorter than a financial year (interim dividend). The following conditions for distribution of interim dividend are established:

- (i) the right to initiate distribution of dividend lies with shareholders, shares held by which carry at least 1/3 of all the votes, unless the Articles of Association of the company establish a higher majority;
- (ii) the distribution of dividend must be preceded by the preparation and audit of the set of interim financial statements, the interim report and a draft of the decision on distribution of dividend for a period shorter than a financial year;
- (iii) interim dividend is allocated by a decision of the General Meeting (the General Meeting must be held within 3 months after the end of the period, for which distribution of dividend is proposed, but in any case, no earlier than the approval of the set of annual financial statements and distribution of the Company's profit (loss) for the earlier financial year and no later than the end of the financial year);
- (iv) interim dividend can be distributed if all the following conditions are met: (a) an audited set of interim financial statements has been approved; (b) the profit (loss) amount for a period shorter than a financial year is positive (there is no loss); (c) the amount distributed for payment of dividend does not exceed the amount of profit/loss of a period shorter than the financial year and retained profit/loss of the preceding financial year brought forward to the current financial year upon deduction of the share of profit earned during the period shorter than a financial year, which must be appropriated to reserves according to the law

or according to the Articles of Association; (d) the company must not have outstanding obligations, which matured before taking of the decision, and upon payment of dividend it would be capable of fulfilling its obligations for the current financial year;

- (v) upon distribution of interim dividend, it is allowed to allocate dividend for another period shorter than a financial year no earlier than 3 months later.

Both residents and non-residents of Lithuania are subject to the same dividend payment rules, except for the taxation matters described in the Section *Taxation of the Issuer's Shares*.

For more information on dividends please also see Section 4.20.3 *Dividend Policy*.

Distribution of the Issuer's assets in case of liquidation

In case of liquidation of the Issuer, the Issuer's assets remaining after settlement of accounts with creditors are distributed to shareholders pro rata to the aggregate nominal value of shares held by them. In case of voluntary liquidation of the Issuer, the Issuer's assets can be distributed among shareholders only after the Issuer settles accounts with its creditors and upon a lapse of two months after a public notice about liquidation made pursuant to requirements of the laws. In case of disputes in court regarding fulfilment of the Issuer's debt obligations, the Issuer's assets are distributed among shareholders only upon final resolution of the disputes and settlement of accounts with creditors.

Other cases of distribution of the Issuer's capital

The Issuer may distribute funds to its shareholders by reducing its authorised capital in accordance with the procedure set by the Law on Companies. The authorised capital may be reduced by way of annulment of shares or reduction of the nominal value of shares, but the reduced authorised capital of the Issuer may not be less than the minimum amount of the authorised capital provided for in the Law on Companies (i.e. EUR 25,000).

Only the annual General Meeting may adopt the decision to reduce the share capital with the purpose of paying funds to the shareholders, provided that all of the following conditions are met: (i) the set of annual financial statements and the profit distribution account have been approved; (ii) following the reduction of the share capital the legal reserve of the Company will not be lower than 1/10 of the Company's share capital; and (iii) no undistributed loss and long-term liabilities are recorded in the set of annual financial statements of the Company.

The decision to reduce the share capital with the purpose of paying out the funds to its shareholders may not be adopted if on the date of the decision the Company is insolvent or after the payment of funds would become insolvent. The funds must be paid within one month from the registration of the amended Articles of Association with the Register of Legal Entities. The funds are paid pro rata to the nominal value of shares held by each shareholder and may only be paid in cash.

Further Capital Calls by the Company

If the Company's distributable result, as approved by the annual General Meeting, is negative and the meeting adopts a decision to cover the Company's losses or part thereof by additional contributions of the shareholders, according to the Law on Companies, the shareholders who voted in favour of such decision are obliged to pay the contributions to the Company. The shareholders who did not participate at the General Meeting or voted against such decision are entitled not to pay any additional contributions to the Company.

Modification of Shareholders' Rights

The Articles of Association do not provide for any specific conditions regarding modification of shareholders' rights. Shareholders' rights may be modified only pursuant to the provisions of Lithuanian laws.

Conditions of Conversion

Currently, the Issuer has not issued any convertible securities.

Conditions of Redemption

Pursuant to the Law on Companies, the Issuer has the right to redeem its own shares. The total nominal value of shares redeemed by the Issuer cannot be more than 1/10 of the authorised capital. If the aggregate number of the repurchased shares exceeds 10% of the share capital of the Company, it must transfer the excess shares to other persons within 12 months after exceeding the threshold. Upon redemption of its own shares, the Issuer has no right to exercise property and non-property rights conferred by such shares.

A detailed procedure of redemption of own shares is provided for in the Law on Companies. The Issuer can redeem its own shares only after it has formed a reserve for redemption of own shares, which may not be less than the total purchase price of all the redeemed shares. Furthermore, the Company may not purchase own shares if this would result in the equity capital falling below the aggregate amount of the paid-up authorised capital, mandatory reserve and reserve for own shares. As a general rule, the Company may not repurchase its shares which are not fully paid. In order to repurchase its shares, the Company must submit a voluntary takeover bid and when redeeming its own shares, the Company must ensure equal possibilities for all the shareholders to sell shares of the Company to the Company.

Voting rights

Pursuant to the Law on Companies and the Articles of Association, each Share of the Company confers one vote in the General Meeting. Only shareholders who have fully paid-up their Shares are entitled to vote at the General Meeting. Persons, who were shareholders of the Company at the end of the record date of the General Meeting, are entitled to attend and vote at the General Meeting or repeated General Meeting. The record date of the General Meeting of the Company is the fifth business day before the General Meeting.

The shareholders may vote personally or through their proxies or persons with whom a voting rights transfer agreement is concluded. The shareholders may also vote in writing (by filling in the general ballot paper).

The shareholder does not have the right to vote on the decision regarding the withdrawal of the pre-emptive right to acquire securities newly issued by the Company, if according to the agenda of the General Meeting the right to acquire such securities is to be granted to such shareholder or persons related to him.

Pre-emptive rights

Pursuant to the Law on Companies, the Company's share capital may be increased by a decision of the General Meeting and may be effected by (i) issuing additional shares; (ii) increasing the nominal value of existing shares; or (iii) issuing convertible bonds.

Increases in share capital by way of issuance of additional shares may be affected through one or a combination of the following: (i) in consideration for cash; (ii) in consideration for assets contributed in kind; (iii) by conversion of bonds previously issued; (iv) from the Company's own funds (i.e. by capitalisation of profits or share premiums), etc.

If the Company issues additional shares or convertible bonds other than from the Company's own funds, current shareholders will have a pre-emptive right to subscribe for such securities on a pro rata basis. The pre-emptive right requires that the Company give priority treatment to current shareholders. The Company must announce the proposal to exercise the pre-emptive rights as well as the period of such exercising in the electronic publication for public notifications administered by the manager of the Register of Legal Entities (in case if due to technical reasons it is not possible to announce the proposal as indicated above, the Company must announce such proposal in the Lithuanian daily *Lietuvos Rytas* or to inform every single shareholder individually). Taking into consideration that the Company is also listed on the WSE, the relevant Polish regulatory provisions regarding publication of the respective information are also applicable to the Company. The time limit for a shareholder to acquire the securities on a pre-emptive basis may not be less than 14 days after the public announcement thereof by the Register of Legal Entities.

The pre-emptive right to subscribe for shares or convertible bonds of a certain issue can be withdrawn by a decision of the General Meeting, which has to be adopted by a $\frac{3}{4}$ majority of votes present in the meeting. The pre-emptive right can be withdrawn only in respect of all the shareholders of the Company. A written proposal to withdraw the pre-emptive right to subscribe for securities must be given by the Management Board, indicating reasons and causes for such withdrawal, as well as persons who would be offered to acquire the newly issued securities. The General Meeting, taking a decision on withdrawal of the pre-emptive right, must justify the necessity to withdraw such a right and specify the person or persons who are given the right to subscribe for newly issued securities, save for cases when the pre-emptive right is withdrawn because of the intention to make a public offering of securities of the Company under the procedure set by the Law on Securities.

The Company's share capital may be increased from the Company's own funds. In such case the current shareholders are entitled to receive the new additional shares free of charge on a pro rata basis. Furthermore, the par value of all the Company's shares may be increased.

The pre-emptive right to acquire the shares or convertible bonds issued by the Company as well as the right to receive shares free of charge in the case of the increase of the share capital from the Company's own funds is granted to the persons who were shareholders of the Company at the end of the rights record date (i.e. the tenth business day following the day the respective decision was adopted by the General Meeting).

Right to receive information

According to the legal acts of the Republic of Lithuania and the Articles of Association, the Company must, at a shareholder's written request and within 7 days from the receipt of the request, grant to the shareholder access to and/or submit to him copies of the following documents: the Articles of Association, sets of annual and interim financial statements, annual and interim reports on the activities of the Company, the auditor's opinions and audit reports, minutes of the General Meetings or other documents constituting decisions of the General Meetings, the recommendations and responses of the Supervisory Council to the General Meetings, the lists of shareholders, the lists of members of the Management Board and the Supervisory Council, also other documents of the Company that must be publicly accessible under laws, minutes of the meetings of the Management Board and Supervisory Council or other documents constituting decisions of the indicated bodies of the Company, unless these documents contain a commercial (industrial) secret, confidential information. A shareholder or a group of shareholders, who own at least 1/2 of shares of the Company or more, have the right to access all documents of the Company subject to presenting a written undertaking not to disclose commercial (industrial) secret, confidential information.

The documents and further information of the Company shall be provided to shareholders in compliance with the following conditions: (i) upon providing the Company with a written

application in the prescribed form and content; (ii) during the working hours of the Company; (iii) having paid the Company's expenses for preparation of copies of the documents; (iv) in compliance with other conditions established in the procedure for providing information and documents to shareholders approved by the Manager of the Company.

Nevertheless, the Law on Companies currently it provides the below indicated procedure of presenting the Company's documents and other information to the shareholders.

Upon the written request of the shareholder, the Company must within 7 (seven) calendar days from the date of receiving such request to provide the shareholder with access to and / or present to the shareholder the Articles of Association, annual and interim financial statements, annual and interim reports, auditor's reports and audit reports of the financial statements, minutes of the General Meeting or other documents, which constitutes the decisions of the General Meeting, comments and proposals of the Supervisory Council to the General Meetings, list of shareholders, lists of members of the Management Board and of the Supervisory Council, other Company's documents, which under the applicable laws must be public, also, copies of other documents, specified in the Articles of Association.

Only shareholder of the Company, to whom the information and documents are necessary for the fulfilment of the statutory requirements, may get acquainted with other information of the Company and (or) to receive copies of documents, including information and documents, related to commercial (industrial) secret and confidential information.

Information and documents, related to the commercial (industrial) secret and confidential information may be provided to the shareholder, only if the shareholder ensures the confidentiality of such information and documents.

The refusal to provide the shareholder with access to get acquainted and / or provide copies of documents has to be formalized in written if it is requested by the shareholder.

Disputes concerning the shareholder's right to information are resolved in the court.

Challenging of Decisions

Validity of the decisions of bodies of the Company may be challenged in court if they are in conflict with imperative rules of law, incorporation documents of the Company or the principles of reasonability or fairness. A statement of claim may be filed by creditors of the Company if the decision violates their rights or interests, a member of the Management Board or Supervisory Council of the Company, a shareholder or other persons specified in the law. Such claim may be filed in a competent court of Lithuania within 30 days as of the day on which a relevant person learnt or should have learnt about the challenged decision.

In addition, a shareholder may apply to the court for the compensation of damages caused by the members of the Management Board or the Manager by non-performance or improper performance of their duties prescribed by the laws of the Republic of Lithuania and the Articles of Association, as well as in other cases provided by laws.

Certain Lithuanian and Polish Securities Market Regulations

Taking into consideration that the Issuer's Shares are admitted to trading on the Lithuanian and Polish regulated markets, Nasdaq Vilnius and WSE respectively, the Issuer is subject to certain Polish securities and capital market regulations. Moreover, the Issuer, being incorporated under the laws of Lithuania is subject to certain aspects of the European Union and Lithuanian securities regulation. The Issuer is also subject to the supervision of relevant regulatory authorities, in particular the Bank of Lithuania and, to a limited extent, the PFSA.

The information set out below describes certain aspects of the Lithuanian and Polish securities market regulation regarding mandatory takeover bids, squeeze-out and sell-out rules which apply to the Shares (including the New Shares) and is included for general information only. This summary does not purport to be a comprehensive description of all Lithuanian and Polish securities market regulatory considerations that may be relevant to a decision to acquire, hold or dispose of the Shares. Moreover, conclusions derived from the description below may not fully reflect a proper interpretation of Lithuanian and Polish laws. Each investor should consult a professional legal adviser regarding the legal consequences of acquiring, holding and disposing of the Shares under the laws of their country and/or state of citizenship, domicile or residence.

This summary is based on legislation, published case law, treaties, rules, regulations and similar documentation in force as at the date of the Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

EU Takeover Bid Regulations

Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, on takeover bids ("**Takeover Directive**") was adopted by the Council on 30 March 2004 and became effective on 20 May 2004. It has been implemented into the laws of Lithuania primarily through the Law on Securities and has been implemented into the laws of Poland primarily through the Public Offering Act.

In the absence of regulatory guidance, a clear resolution as to conflicts of laws issues relating to various takeover bid regulatory regimes cannot be provided. The relevant conflict of laws provisions of the Takeover Directive explicitly state that if the offeree company's securities are admitted to trading on regulated markets in more than one Member State, the authority competent to supervise the bid shall be that of the Member State on the regulated market of which the securities were first admitted to trading (in case of the Issuer – Lithuania).

In respect of governing law, matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, the information on the offeror's decision to make a bid, the content of the offer document and the disclosure of the bid, shall be dealt with in accordance with the rules of the Member State of the competent authority. In matters relating to the information to be provided to the employees of the offeree company and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, the applicable rules and the competent authority shall be those of the Member State in which the offeree company has its registered office. The Issuer is a company incorporated in Lithuania, the authority competent to supervise mandatory offer rules as described above, applicable with respect to the Shares of the Issuer and under the Takeover Directive, shall be the Bank of Lithuania.

However, given that the Public Offering Act does not explicitly limit application of its provisions concerning mandatory takeover bids to public companies, which have registered seat outside of Poland and shares are admitted to trading on a regulated market in the other Member State in which the company has its registered office (in case of the Issuer – Lithuania), regulations of the Public Offering Act shall also apply. Therefore, the Investors should also take into account the respective rules under the Public Offering Act which are described below.

Regulation of the Polish Securities Market

Takeover Bids

The Takeover Directive allows the Member States to introduce, in addition to the mandatory takeover bids, additional protection of the interests of the minority shareholders, such as the obligation to make a partial bid where the offeror does not acquire control of the company. Poland introduced such additional instruments.

A shareholder that wishes to exceed the 33% voting rights threshold is obliged to launch a public tender for shares that will entitle it to hold 66% of votes. However, if the indicated thresholds are exceeded due to indirect acquisition of shares, subscription of shares of a new issue, acquisition of shares in a public offering or their contribution to the company as an in-kind contribution, merger or division of a company, amendments to the articles of incorporation of the company, expiration of preferential treatment of shares or occurrence of certain other events, the shareholder, who acquired shares indirectly must either launch a public tender as described above within three months, or sell the appropriate number of shares so that the number of votes to which the shareholder is entitled is no more than 33% of votes, unless, within that time limit, the proportion of the voting rights held by the shareholder or by the entity that has acquired shares indirectly is reduced to no more than 33% of the voting rights, as a result of an increase in the company's share capital, amendment to the company's articles of association, or expiry of the preferential rights attaching to the shares held by that shareholder or entity, as the case may be.

The regulations set a number of detailed conditions to be followed in connection with a public tender offer, including without limitation the rules of determining the minimum tender price, required security and settlement.

In spite of that this is in contradiction to the Takeover Directive, due to the fact that the Issuer shares were initially admitted to trading in the Republic of Lithuania, the Public Offering Act does not exclude application of the Polish regulations concerning the 66% threshold as the mandatory threshold under the Takeover Directive. In the result a shareholder that wishes to exceed the 66% voting rights threshold is obliged to launch a public tender for shares that will entitle it to hold 100% of votes. However, if the indicated thresholds are exceeded due to indirect acquisition of shares, subscription of shares of a new issue, acquisition of shares in a public offering or their contribution to the company as an in-kind contribution, merger or division of a company, amendments to the articles of incorporation of the company, expiration of preferential treatment of shares or occurrence of certain other events, the shareholder, who acquired shares indirectly, shall, within three months after exceeding the 66% threshold, announce a public tender offer for the sale or exchange of all the remaining shares of that company, unless, within that time limit, the proportion of the voting rights held by the shareholder or by the entity that has acquired shares indirectly is reduced to no more than 66% of the voting rights, as a result of an increase in the company's share capital, amendment to the company's articles of association, or expiry of the preferential rights attaching to the shares held by that shareholder or entity, as the case may be.

Sell-out and squeeze-out rules

For the information on matters related to the squeeze-out and sell-out, see Section *Regulation of the Lithuanian Securities Market*. However, the Polish law does not explicitly exclude the application of Polish regulations concerning squeeze-out and sell-out in public companies to companies listed on the WSE which are incorporated outside of Poland.

Pursuant to Article 82 of the Public Offerings Act, a shareholder in a public company that, on its own or together with its subsidiaries or parent companies or with companies which are parties to an agreement regarding the purchase of shares, voting in concert at the shareholders' meeting or conducting long-term policy against the company, reaches or exceeds 90% of the overall number of votes in such public company, may demand, within three months from the date on which such shareholder reaches or exceeds of the relevant threshold, that the remaining shareholders sell all the shares held by them to such shareholder.

Pursuant to Article 83 of the Public Offerings Act, a shareholder in a public company may demand that another shareholder, which has reached or exceeded 90% of the total number of votes, purchase from it the shares it holds in such company. The demand is made in writing within three months from the date on which such shareholder reaches or exceeds the relevant threshold.

Regulation of the Lithuanian Securities Market

Takeover Bids and sell-out and squeeze-out rules

The issued securities of Lithuanian issuers (including of the Company) are subject to all mandatory takeover bids and squeeze-out and sell-out rules specified in the Law on Securities.

Following the Law on Securities, where a person, acting independently or in concert with other persons, acquires shares that in connection with the holding held by him or by other persons acting in concert entitles him to more than 1/3 of votes at the general meeting of shareholders of the company, he must either transfer shares exceeding this threshold, or announce a mandatory takeover bid to buy up the remaining shares of the company granting the voting rights and the securities confirming the right to acquire shares granting the voting rights. The given duty also applies to a person who has acquired control over an entity holding shares of the company in respect of whose shares a takeover bid is to be submitted that entitle him to more than 1/3 of votes at the general meeting of shareholders.

The price of the mandatory takeover bid must be fair and, as a general rule established following these principles – it must be no less than the average weighted market price of the shares of the company on regulated market within 6 months before exceeding the above threshold and no less than the highest price, which the above bidding shareholders paid for the shares of the company within 12 months before the same event.

A person, when acting independently or in concert with other persons and having acquired not less than 95 percent of the capital carrying voting rights and not less than 95 percent of the total votes at the general meeting of the issuer shall have a right to require that all the remaining shareholders of the issuer sell the voting shares owned by them, and the shareholders shall be obligated to sell the shares. A person can exercise this right within three months after the implementation of the mandatory takeover bid or the voluntary takeover bid to buy up the remaining shares of the issuer granting the voting rights.

The price of squeeze-out shares must be fair. Usually, the price of squeeze-out shares is equal to (i) with regard to certain conditions, the price paid for the issuer's shares bought according to the mandatory or voluntary takeover bid in accordance with the provisions of the Law on Securities, or (ii) the fair price, determined by the person buying up the shares, subject to a relevant approval of the Bank of Lithuania. The minority shareholders have the right to challenge the squeeze-out price in court if, in their opinion, the price breaches the principle of fairness. The given right can be exercised within 90 days as from the date of the announcement of the notice on the squeeze-out.

Besides, any minority shareholder, owning equity securities, shall have a right to require that a person, who, when acting independently or in concert with other persons, has acquired the shares comprising not less than 95 per cent of the capital carrying the voting rights and not less than 95 per cent of the total votes at the general meeting of shareholders, would buy the shares belonging to the minority shareholder and granting the voting rights, while the said person shall be obligated to purchase those shares. The duration of validity of this right and the price of sell-out shares are determined according to the above-mentioned rules.

Following the decision of the company's shareholders to delist the shares of the issuer from the trading on the regulated market (such a decision is taken by the majority of $\frac{3}{4}$ of all votes attaching to shares of the shareholders attending the general meeting of shareholders), a takeover bid must be submitted and implemented to buy-up the shares of the issuer admitted to the regulated market. The mandatory takeover bid must be submitted by the shareholders who voted for the decision to delist the shares of the issuer from the trading on the regulated market. One or several shareholders have the right to implement this duty for other shareholders. The shareholders who voted "against" or did not vote when the decision was taken

to delist the shares of the issuer from the trading on the regulated market operating in the Republic of Lithuania have the right to sell their shares during the effective term of the mandatory takeover bid.

The Issuer does not have the right to demand that shareholders sell their shares to the Issuer, whereas the shareholders do not have the right to demand that the Issuer buy up shares held by them.

The issue of New Shares under the decision of the Extraordinary General Meeting of 28 March 2018 (as amended on 30 April 2018 and as detailed by the decisions of the Management Board, dated 19 June 2018 and 25 June 2018) does not result in appearance of duties in connection with a mandatory takeover bid and appearance of any rights in connection with sell-out or squeeze-out of shares or other any rights other than those set in the Law on Securities and other applicable laws.

Abuse of Securities Market

According to the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "**Market Abuse Regulation**"), securities market abuse is defined as a concept that encompasses unlawful behaviour in the financial markets that consist of insider dealing, unlawful disclosure of inside information and market manipulation.

The Market Abuse Regulation defines inside information as any information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instrument. When such information is made public, there is an increased risk of fluctuations in the price of the relevant security and of related derivative instruments.

Inside information is usually regarded to be misused when it is used as basis for transactions (or as basis for advice to third parties) or unlawfully disclosed to any other person.

As to market manipulation, the Market Abuse Regulation sets forth a non-exhaustive list of actions that qualify as market manipulation, such as actions that give, or are likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument; secure, or are likely to secure, the price of one or several financial instruments, etc. The regulation also states that certain particular behaviour can be considered to constitute market manipulation, such as the conduct by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a financial instrument, related spot commodity contracts or auctioned products based on emission allowances which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions; the buying or selling of financial instruments, at the opening or closing of the market, which has or is likely to have the effect of misleading investors acting on the basis of the prices displayed, including the opening or closing prices; etc.

The Market Abuse Regulation sets an obligation to EU member states to, in accordance with national law, provide for competent authorities to have the power to apply appropriate administrative sanctions and take other administrative measures in relation to misuse of inside information and infringements of market manipulation prohibition.

Law on Markets in Financial Instruments establishes in the light of abovementioned obligation a number of administrative offences related to misuse of inside information and market abuse that are punishable with fines of variable gravity. Dependant on the circumstances of the offence, misuse of inside information and market manipulation may also be qualified as criminal offences under the Criminal Code of the Republic of Lithuania.

Nasdaq Vilnius

Nasdaq Vilnius is the only regulated securities market in Lithuania. Nasdaq Vilnius is 97.56% owned by Nasdaq Helsinki, Ltd., which in turn is owned by Nasdaq, Inc. Nasdaq is the world's largest exchange company, providing trading, exchange technology and public company services across six continents, with over 3,900 listed companies.

Nasdaq technology supports the operations of over 90 exchanges, clearing organisations and central securities depositories in more than 50 countries. Nasdaq Nordic and Nasdaq Baltic are not legal entities but describe the common offering from Nasdaq group exchanges in Helsinki, Copenhagen, Stockholm, Iceland, Tallinn, Riga and Vilnius.

Nasdaq Vilnius is a member of Nordic-Baltic stock exchange alliance NOREX since April 2004.

Nasdaq stock exchanges in Tallinn, Riga and Vilnius form the Baltic Market, the core idea of which is to minimise to the extent possible the differences between the three Baltic markets in order to facilitate cross-border trading and attract more investments to the region. This includes sharing the same trading system and harmonising rules and market practices, all with the aim of reducing the costs of cross-border trading in the Baltic region.

Nasdaq Vilnius is a self-regulated organisation, issuing and enforcing its own rules and regulations consistent with standard exchange operating procedures. It is licensed and supervised by the Bank of Lithuania.

Nasdaq Vilnius uses the INET Nordic trading system for Nordic and Baltic equities trading. Recognized as the most advanced securities trading technology in the world, INET is Nasdaq's core technology used on all Nasdaq equity markets.

Nasdaq CSD and Registration of Shares

Nasdaq CSD SE (*Societas Europaea*) is the regional Baltic central securities depository (CSD) with a business presence in Estonia, Latvia and Lithuania. It was established in September 2017 through the merger of the Estonian, Latvian and Lithuanian central securities depositories in order to leverage the service offering in the changing CSD landscape in Europe. Nasdaq CSD is part of the Nasdaq Group. Nasdaq, Inc., the ultimate parent, provides trade and post-trade services in more than 50 countries.

Nasdaq CSD is licensed under the European Central Securities Depositories Regulation (CSDR). The depository is powered by modern straight-through processing (STP) technology in a solution connected to the pan-European TARGET2-Securities (T2S) platform.

Nasdaq CSD operates as:

- (i) a CSD authorized by the Latvian Financial and Capital Market Commission to provide CSD services in Latvia under the CSDR, and in Estonia and Lithuania via its Estonian and Lithuanian branches, also acting as the registrar of the Estonian Central Register of Securities via its Estonian branch;
- (ii) the operator of the Estonian securities settlement system, which is governed by Estonian law and notified to the European Securities and Markets Authority (ESMA) in accordance with the Settlement Finality Directive;
- (iii) the operator of the Latvian securities settlement system, which is governed by Latvian law and notified to ESMA in accordance with the Settlement Finality Directive; and
- (iv) the operator of the Lithuanian securities settlement system, which is governed by Lithuanian law and notified to ESMA in accordance with the Settlement Finality Directive.

Admission to Trading of Shares on Nasdaq Vilnius Stock Exchange

The Baltic stock exchanges have a common presentation of all listed Baltic companies on a common list, the companies on which are grouped in the lists described below. In legal terms, the companies are listed on their home market, i.e. the exchange in Tallinn, Riga or Vilnius, and supervised by the local financial supervisory authority.

The structure of the lists of securities traded on the Nasdaq Tallinn, Riga and Vilnius exchanges is as follows:

- (i) Baltic Main List;
- (ii) Baltic Secondary List;
- (iii) Baltic Bond List;
- (iv) Baltic Fund List;
- (v) First North (alternative marketplace, multilateral trading facility, not a regulated market).

Baltic Main List

The Baltic Main List is a line-up of all blue-chip companies listed on the Tallinn, Riga and Vilnius stock exchanges. To be eligible for inclusion, a company must have 3 years of operating history, an established financial position, market capitalisation of not less than EUR 4 million, with reporting according to the IFRS, and a free float of 25% or worth at least EUR 10 million.

Baltic Secondary List

The Baltic Secondary List comprises companies that do not meet quantitative admission requirements (free float, capitalisation) for the Baltic Main List.

Baltic Funds List

The Baltic Funds List contains the investment fund units or shares of collective investment subjects that are listed and traded on the Baltic exchanges in a manner similar to equities.

Baltic Bond List

The Baltic fixed-income instruments are presented in a joint Baltic Bond List. These fixed-income instruments include corporate bonds, Latvian and Lithuanian government bonds and mortgage bonds of different maturities. Listing of and trading in fixed-income instruments is possible in EUR and in certain other currencies.

First North

First North is a multilateral trading facility (MTF), also known as an alternative market, operated by the different exchanges within Nasdaq. It does not have the legal status of a regulated market. Companies on First North are subject to the rules of First North and not the legal requirements for the admission to trading on a regulated market. Baltic First North is divided into two separate lists – First North Baltic Share List and First North Baltic Bond List.

Trading on Nasdaq Vilnius Stock Exchange

Nasdaq Vilnius employs two trading systems:

- (i) INET Nordic – the electronic trading system used for trading in equity-market instruments on the regulated market and the First North;
- (ii) Genium INET – the complete electronic multi-asset trading system used for trading in fixed-income instruments on the regulated market as well as for the execution of auctions and special procedures, such as tender offers, public share sales and IPOs.

Commonly recognised as the most sophisticated trading platform in the world, INET is the proprietary core technology utilised across Nasdaq's global markets.

Transactions can be effected in two ways – automatic matching, which means that buy and sell orders are matched by the trading system automatically according to price, displayed volume and time priorities; and manual trades – trades negotiated between stock exchange members outside of the trading system, with brokers entering the deal in the trading system within three minutes after its conclusion.

Financial Supervision

The operations of the Nasdaq Vilnius Stock Exchange are supervised by the Bank of Lithuania with the purpose of ensuring compliance with the rules and requirements applicable in respect of regulated markets.

Warsaw Stock Exchange

The Polish financial instruments exchange market is operated by the WSE. The WSE runs its business pursuant to applicable laws, including the Trading in Financial Instruments Act and its internal regulations, including the articles of association of the WSE and the WSE Rules.

The exchange market operated by the WSE constitutes a regulated market for the purposes of the relevant regulations of EU law and the Trading in Financial Instruments Act. Moreover, the WSE organizes and operates an Alternative Trading System which is a non-regulated market. The exchange market operated by the WSE includes the main floor (the official stock exchange market) and the parallel market. The Shares of the Company are currently listed on the Parallel Market of the WSE and the Issuer intends to admit the New Shares to this market.

According to the WSE's website (www.gpw.pl), as of 21 June 2018, shares of 472 companies were listed on the WSE, including 49 foreign companies and 110 companies listed on the Parallel Market of the WSE. The total capitalization of the companies listed on the WSE was PLN 1,237 billion as of 21 June 2018.

Settlement

Under the current regulations, all transactions on the regulated market of the WSE are carried out on a delivery versus payment basis, with the transfer of rights to securities occurring upon settlement on a T+2 basis. In principle, each Investor must hold a securities account and a cash account with an investment firm or an entity conducting depository activities in Poland, and each investment firm and entity conducting depository activities must hold relevant accounts (*konta* and *rachunki*) with the CSDP and a main cash account with a settlement bank. Entities authorized to maintain securities accounts may also maintain, within the scope of a security deposit or a securities registration system maintained by the National Bank of Poland, what are known as omnibus accounts, i.e. accounts in which it is possible to register dematerialized securities which are not owned by the persons for whom such accounts are maintained, but which are owned by another person or persons. Omnibus accounts may be maintained exclusively for the entities listed in the Trading in Financial Instruments Act.

In accordance with the rules and regulations of the WSE and the CSDP, KDPW CCP S.A., a subsidiary of the CSDP, is required to arrange, based on a list of transactions provided by the WSE (compiled post-session), the settlement of transactions effected by WSE members. In turn, WSE members coordinate the settlement with the Investors on whose account the transactions were executed.

Transfers of the Shares from Nasdaq CSD to the CSDP system

As a matter of principle, the effecting of a transaction on Nasdaq requires the Shares to be recorded in a securities account kept with Nasdaq CSD. In turn, the effecting of a transaction on the WSE requires the Shares to be recorded in a securities account kept by the CSDP participants.

As at the date of the Prospectus there is a direct settlement link between the CSDP and Nasdaq CSD.

In order to transfer the Shares from Nasdaq CSD system to the CSDP system, investors should issue appropriate "deliver free" instruction to the entity keeping such investor's securities account in Lithuania, in which the shares are recorded, and an appropriate "receive free" instruction to the entity keeping their securities account in Poland in which account the Shares are to be recorded. The both instructions should indicate, inter alia, the identical trade date, settlement date and the data of the counterparty. Transferring the Shares will be dependent on the unequivocal identification of the participants of Nasdaq CSD/CSDP system in whose account the Shares are to be recorded. In the event of the absence of a possibility of identifying the system participant or shareholder in whose securities account the Shares are to be recorded, the transfer of the Shares may be ineffective or delayed. Based on "deliver free" instruction obtained from Nasdaq CSD participant and "receive free" instruction received from CSDP, both issued pursuant to the shareholder's instructions, Nasdaq CSD shall record the Shares in the account of the CSDP with Nasdaq CSD, and subsequently the Shares will be recorded in the investor's securities account in Poland.

A transfer of the Shares from the CSDP system to Nasdaq CSD system is effected in a similar way as a transfer from Nasdaq CSD system to the CSDP system.

Neither the Issuer, nor the Global Lead Manager, nor their advisers, nor any of their respective representatives assume any responsibility for any of the trade settlement obligations of Nasdaq CSD and the CSDP or any of their participants.

Stock exchange trading mechanisms

Pursuant to the WSE Rules, WSE sessions are held regularly from Monday to Friday from 8:30 until 17:05 Warsaw time, unless the management board of the WSE decides otherwise.

Quotations on parallel market are made in a continuous trading system or in a single-price system with one or two auctions. In addition, for large blocks of securities, so-called block transactions outside of the public order book in the continuous trading system or a single-price system are possible.

Information as to price, trading volume and any specific rights (pre-emption or dividend rights) attached to the relevant securities is available on the WSE's official website at www.gpw.pl.

Brokerage commissions in Poland are not fixed by the WSE or other regulatory bodies and are set by the brokerage house executing the transaction.

Taxation of the Issuer's Shares

The following is a summary of certain Lithuanian and Polish tax implications of ownership and disposition of the Shares. The summary is based on the tax laws of Lithuania and Poland as in effect on the date of this Prospectus, and is subject to changes in such laws, including changes that could have a retroactive effect. The summary does not purport to be a comprehensive description of all the tax implications that may be relevant for making a decision to purchase, own or dispose of the Shares. You are advised to consult your own professional tax advisors as to the Lithuanian, Polish and other tax implications of the purchase, ownership and disposition of the Shares. Investors who may be affected by the tax laws of other jurisdictions should consult

their own tax advisors with respect to the tax implications applicable to their particular circumstances.

Taxation in Lithuania

Taxation on Dividends

Legal persons

Dividends received by Lithuanian or foreign legal persons are subject to the corporate income tax at a rate of 15%. Dividends are not subject to the corporate income tax when a recipient (a Lithuanian or foreign legal person) has been or intends to be in control of not less than 10% of voting shares of a Lithuanian company distributing dividends for an uninterrupted period of at least 12 months (including the moment of distribution of dividends). This participation exemption does not apply if dividends are paid to foreign legal persons registered or otherwise organized in a tax haven jurisdiction.

If dividends are paid out to the legal persons that are residents of a foreign country with which Lithuania has concluded a treaty for the avoidance of double taxation and such a treaty limits the rights of Lithuania to tax dividends, the rules set in that treaty will be applied.

The obligation to calculate, withhold and pay the withholding tax on dividends arises for the Lithuanian legal person (the payer of dividends).

Individuals

Dividends received by Lithuanian and foreign individuals are subject to the personal income tax at a rate of 15%.

If dividends are paid out to the residents of a foreign country with which Lithuania has concluded a treaty for the avoidance of double taxation and such treaty limits the rights of Lithuania to tax dividends, the rules set in that treaty will be applied.

The obligation to calculate, withhold and pay the withholding tax on dividends arises for the Lithuanian legal entity (the payer of dividends).

Taxation on Capital Gains

Legal persons

No specific capital gains tax is established under the Lithuanian tax legislation. Therefore, capital gains received by a Lithuanian legal person or by a foreign legal person through its permanent establishment in Lithuania from the sale of shares are included in the taxable income for the corporate income tax purposes. The standard rate of the corporate income tax is 15%.

An exemption is available, and capital gains are not subject to the corporate income tax if the following conditions are met: 1) an entity the shares of which are being transferred is registered in the EEA Member State or a country with which Lithuania has concluded a treaty for the avoidance of double taxation, and this entity is a payer of corporate income or equivalent tax; and 2) an entity transferring shares has been in control of more than 25% of voting shares for an uninterrupted period of at least two years. The exemption is not applied if shares are transferred to the issuer.

Lithuanian entities and permanent establishments of foreign entities have the right to carry forward losses due to the disposal of securities and/or derivative financial instruments for five consecutive years for the purpose of the Lithuanian corporate income tax. The said losses can be covered only with income generated from disposals of securities and/or derivative financial

instruments. Furthermore, please note that a restriction may be applicable – in assessment of the corporate income tax for 2014 and subsequent years, the amount of tax loss carried forward cannot exceed 70% of the taxable profit amount of the relevant tax period.

Capital gains received by the foreign legal persons from the disposal of shares of Lithuanian companies are not subject to the Lithuanian corporate income tax.

Individuals

Capital gains received from the sale of shares by the Lithuanian residents are subject to 15% personal income tax. Please also note that the capital gains, received from sale of securities shall not be taxed, if its amount does not exceed EUR 500 per year. This relief does not apply in case a shareholder sells the shares or transfers the title to the shares to the entity that issued those shares.

The personal income tax on capital gains received by individuals should be calculated, paid and declared by individuals by the 1st of May of the calendar year following the taxable year.

Capital gains received from the disposal of shares of Lithuanian companies by the individuals who are not considered to be Lithuanian residents for tax purposes are not taxed in Lithuania.

Taxation on Gifts and Inheritance

If the Issuer's shares are given as a gift to a natural person, generally the acquisition of shares is subject to personal income tax at a rate of 15%, charged on income received at the transfer of the shares as a gift. The tax is not applicable where a spouse, children (adopted children), parents (adoptive parents), brothers, sisters, grandchildren or grandparents give shares as a gift or where shares are given as a gift to a non-Lithuanian resident. Furthermore, donation incomes received from other persons are not subject to taxation, unless such incomes exceed EUR 2,500 in a calendar year.

Inherited Issuer's shares are subject to inheritance tax as follows: if the taxable value of the inherited property does not exceed EUR 150,000, the tax rate is 5%; if the taxable value of the inherited property exceeds that amount, the tax rate is 10%. The property is exempted from the tax where the property is inherited by a spouse upon the death of the other spouse, by parents (adoptive parents), children (adopted children), grandparents, grandchildren, brothers, sisters, guardians (custodians), wards (foster children), or where the shares are inherited by a non-Lithuanian resident or the value of the inherited property does not exceed EUR 3,000.

Value added tax

Generally, under effective laws, share acquisition or transfer transactions are not subject to value added tax (VAT) in Lithuania.

Taxation in Poland

The reference to "dividend" as well as to any other terms in the paragraphs below means "dividend" or any other term as understood in Polish tax law.

Income Earned on the Disposal of Securities by Individuals who are Polish Tax Residents

In accordance with Article 3, section 1 of the PIT Act, natural persons, provided that they reside within the territory of the Republic of Poland, are required to pay tax on all of their income (revenue) regardless of the location of the source of revenues (unlimited tax obligation). A person is deemed to be "residing within the territory of the Republic of Poland" if: (i) such person's center of personal or economic interests (the center of vital interests) is within the

territory of the Republic of Poland; or (ii) such person stays within the territory of the Republic of Poland more than 183 (one hundred and eighty-three) days in a calendar year.

The above-mentioned rules should be applied subject to the relevant double tax treaties to which the Republic of Poland is a party (Article 4a of the PIT Act). Such treaties may specifically contain a different definition of the term "residence" in respect of a natural person or further clarify the notion of tax residency in case of a conflict.

If a Polish resident disposes of property located in another country, the tax treaty between Poland and that country applies.

Pursuant to the provisions that have been in force since 1 January 2018, a new category of capital gains was introduced, which encompasses inter alia (i) gains from the participation in the profits of legal persons (according to a detailed catalogue) and (ii) gains from the disposal of shares in legal persons or rights in a partnership. Thus, the income constituting a sum of the capital income and other sources is subject to taxation. The income is made up by the excess generated in the fiscal year of the sum revenues over tax-deductible expenses related to them. If the tax-deductible expenses exceed the sum revenues, the difference is defined as a loss from a revenue source, but under an amendment made to the CIT Act that has been in force since 1 January 2018 the losses incurred by the taxpayer from one source of this income are not subject to summing up. This means that if the taxpayer earns income from one of these sources, and incurs a loss from another source, the earned income will be subject to taxation without deduction of the loss incurred from the second source of income.

Effective from 1 January 2018 pursuant to the current language of the amended Article 12 section 1 point 7 of the CIT Act, cash contributions made to the companies by taxpayers of corporate income tax could be deemed as subject to taxation. Although, according to the public position of the Ministry of Finance the amendment made to Article 12 section 1 point 7 of the CIT Act does not refer to cash contributions but aims at taxation of gains derived from in-kind contributions made to companies, since the entry into force of the amended CIT Act it cannot be excluded that the gains derived from cash contribution made to a company may be subject to a taxation. Simultaneously, it should be noted that these gains will be reduced by tax-deductible expenses pursuant to Article 15 section 1 of the CIT Act and thus a taxpayer making a cash contribution to a company will not earn income and the cash contribution made to the company will be regarded as fiscally neutral. Nevertheless, under the latest draft of the CIT Act the legislator intends to partially return to the previous version of the abovementioned provision, which should remove potential ambiguities in the interpretation of the taxation of only in-kind contributions made to companies or cooperatives.

Pursuant to Article 30b, section 1 of the PIT Act, income from the disposal of securities (including shares) or financial derivatives for consideration is taxed at a flat rate of 19%. Capital gains are calculated as the difference between the proceeds from the disposal of the securities (in principle, the value of the securities at the price set forth in a contract) and the tax-deductible costs (in principle, the expenditure related to the acquisition of the securities or their subscription).

In principle, capital gains arise at the moment of transferring the ownership of the shares and securities to the buyer. Such income is not aggregated with income from other sources and is taxed separately.

If a taxpayer performs a gainful disposal of securities acquired at different prices and it is not possible to establish the purchase price of the securities disposed of, in determining the income from that disposal, the rule holding that every disposal refers to securities acquired on a first-in, first-out basis applies. Generally, the rule mentioned above applies separately to each securities account.

During the tax year, individuals who obtain capital gains are not required to make any income tax prepayment. Neither tax nor prepayment on the above-mentioned income is withheld by tax

remitters. However, after the end of a given tax year, which in the case of individuals is the same as the calendar year, taxpayers earning income from the disposal of securities for consideration are required to disclose such income in their capital gains annual tax return, calculate the due amount of tax and pay it to the account of the relevant tax office by the end of April of the year immediately following the tax year in which the disposal of securities for consideration was made.

In the case of a tax loss generated on the disposal of securities in a given tax year, such loss may decrease the income generated from such source (i.e. from the disposal of securities) for the next five (5) consecutive tax years; however, the amount of such decrease in any particular year cannot exceed 50% of the loss. A tax loss generated on the disposal of securities cannot be combined with tax losses generated by the taxpayer from other titles (sources of revenues; e.g. employment income).

The above regulations do not apply if the securities are sold as a result of the performance of any business activities as in such case the revenues from the sale of securities should be qualified as originating from the performance of such activities and should be settled pursuant to general terms (applicable to taxation of business activity income). In such a case, the individual should pay the tax at the 19% flat rate or the progressive rate of 18% or 32%, depending on the individual's choice and the meeting of certain conditions.

Income Earned on the Disposal of Securities by Individuals who are not Polish Tax Residents

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of the Republic of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of the Republic of Poland (limited tax liability). Pursuant to Article 4a of the PIT Act, the above-mentioned regulation is applied taking into account the double tax treaties to which the Republic of Poland is a party.

In accordance with Article 3, section 2b of the PIT Act, income (revenue) earned in the territory of the Republic of Poland in particular means income (revenue) from: (i) work performed in the territory of the Republic of Poland based on a service relationship, employment relationship, telecommuting system and cooperative employment relationship irrespective of the place where remuneration is paid; (ii) activity performed in person in the territory of the Republic of Poland irrespective of the place where remuneration is paid; (iii) economic activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland; (iv) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property; (v) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (vi) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds, mutual fund institutions or other legal person or receivables resulting from the ownership of these shares, rights and obligations or shares in investment funds or mutual fund institutions or other legal person, where real-estate property located on the territory of the Republic of Poland or rights to such property, directly or indirectly, constitute at least 50% of their assets; and (vii) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance.

The list of income (revenues) gained in Poland, as provided in Article 3, section 2b of the PIT Act is not exhaustive; therefore, other income (revenues) may also be considered as earned in Poland.

Individuals subject to limited tax liability who earn income from the disposal of securities in Poland should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. In light of Article 30b, section 3 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such treaty is possible provided that the taxpayer proves his place of residence for tax purposes with a relevant certificate of tax residence. If tax is payable in Poland, individuals subject to limited tax liability should be registered for taxation purposes in Poland and meet applicable filing requirements.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Individuals who are Polish Tax Residents

Under Polish tax law, income from a share in the profits of legal persons is the income actually generated from such a share, including, inter alia, income from the redemption of shares, the value of the assets received in connection with the liquidation of the legal person, income intended for a share capital increase, and income which is the equivalent of the amounts contributed to the share capital from other funds of the legal person.

Pursuant to Article 30a, section 1, item 4 of the PIT Act, income (revenue) earned by individuals from dividends and other revenue from a share in the profits of legal persons is subject to taxation at a flat rate of 19%. If the price of the securities, without a justified reason, significantly differs from the market value thereof, capital gains will be determined by a tax authority at a level that reflects their market value.

The income (revenue) from the share in the profits of a legal person is the income (revenue) actually earned from that share (Article 24, section 5 of the PIT Act).

Pursuant to Article 41, section 4 of the PIT Act, a flat rate of income tax on payments made or cash or pecuniary values placed at a taxpayer's disposal (such as dividend payments and other income from shares in the profits of legal persons) is withheld by the entities that perform such actions. Although this is not clearly regulated in the Polish tax law, foreign entities should not act as Polish withholding tax remitters.

Under Article 41, section 4d of the PIT Act, tax on dividends and income received as a result of a redemption of shares, the value of property gained as a result of the liquidation of a legal person or a company and, in the case of a merger or division of companies – additional payments received in cash by shareholders of the target company, or the merged or divided companies, is withheld by the entities keeping the securities accounts for taxpayers, in their capacity as tax remitters, if the income (revenue) is earned in the territory of the Republic of Poland and is associated with the securities registered in those accounts and, further, if the relevant payments are made to the taxpayers through those entities. Under Article 41, section 10 of the PIT Act, in terms of securities registered in omnibus accounts, the tax remitters of the flat-rate income tax on dividends and income from the redemption of shares, the value of property gained as a result of the liquidation of a legal person or a company and – in the case of a merger or division of companies – the additional cash payments received by the shareholders of the target company, or the merged or divided companies, are the entities keeping the omnibus accounts through which the payments are made. The tax is withheld on the date on which the relevant dividend payment is released to the omnibus account holder.

Tax remitters must pay the due tax by the twentieth (20th) day of the month following the month in which the tax was withheld to the account of the relevant tax office. By the end of January of the year following the tax year, the tax remitters referred to in Article 41 of the PIT Act are required to send to the tax office headed by the chief of the tax office territorially competent for the registered office of the tax remitters an annual tax return on a standard form.

Income (revenue) from dividends and other revenue from a share in the profits of legal persons residing in Poland where a flat-rate tax was withheld is not aggregated with income from any

other sources and is not disclosed in an annual tax return. Nevertheless, pursuant to Article 45, section 3b of the PIT Act, if the tax remitter does not withhold the tax, the individual is required to disclose the income tax due in its annual tax return filed by the end of April of the year following the given financial year and pay the tax.

Separate rules apply to dividends and other income from a share in the profits of legal persons on securities held in omnibus accounts. Under Article 30a, section 2a of the PIT Act, with respect to income (revenue) from dividends and other revenue from a share in the profits of legal persons transferred to taxpayers holding rights attached to securities registered in omnibus accounts whose identity has not been disclosed to the tax remitter in accordance with the Trading in Financial Instruments Act, a 19% flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the omnibus account holder. Annual tax returns regarding this income are filed by the tax remitter (i.e. by the entities maintaining the omnibus accounts) with the tax office headed by the chief of the competent tax office. Under Article 45, section 3c of the PIT Act, taxpayers are required to disclose the amount of dividends in an annual tax return if securities were registered in an omnibus account and the taxpayer's identity was not disclosed to the tax remitter.

Dividend income obtained by an individual who is a Polish resident from a company resident in another country will be taxed taking into account the double tax treaties to which the Republic of Poland is a party.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Individuals who are not Polish Tax Residents

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of the Republic of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of the Republic of Poland (limited tax liability). Pursuant to Article 4a of the PIT Act, the above-mentioned regulation is applied taking into account the double tax treaties to which the Republic of Poland is a party.

Income (revenue) earned in the territory of the Republic of Poland in particular means income (revenue) from: (i) work performed in the territory of the Republic of Poland based on a service relationship, employment relationship, telecommuting system and cooperative employment relationship irrespective of the place where remuneration is paid; (ii) activity performed in person in the territory of the Republic of Poland irrespective of the place where remuneration is paid; (iii) economic activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland; (iv) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property; (v) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (vi) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions where property located on the territory of the Republic of Poland or rights to such real-estate property, directly or indirectly, constitute at least 50% of their assets; and (vii) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance.

Individuals subject in Poland to limited tax liability who earn income from the income from a share in the profits of a legal person should follow similar taxation rules governing dividends and other income from a share in the profits of a legal person as specified above in respect of Polish tax residents, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. Polish tax regulations apply; however, in light of Article 30a, section 2 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the

non-payment of tax under such treaty is possible if the taxpayer proves his place of residence for tax purposes with a relevant certificate of tax residence.

As a rule, if the place of residence, for tax purposes, was documented with a certificate of tax residence with no validity period indicated, the tax remitter applies such certificate for the period of twelve consecutive months from the date of issuance. In the event that within the period of twelve months from the date of issuance of the certificate of tax residence the place of residence of the taxpayer has changed, the taxpayer is obliged to immediately document his place of residence, for tax purposes, with a new certificate.

Separate rules apply to dividends and other income from a share in the profits of legal persons on securities held in omnibus accounts. Under Article 30a, section 2a of the PIT Act, with respect to income (revenue) from dividends and other revenue from a share in the profits of legal persons transferred to taxpayers holding rights attached to securities registered in omnibus accounts whose identity has not been disclosed to the tax remitter in accordance with the Trading in Financial Instruments Act, a 19% flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the omnibus account holder. Annual tax returns regarding this income are filed by the tax remitter (i.e. by the entities maintaining the omnibus accounts) with the tax office headed by the chief of the tax office competent for the taxation of foreign entities.

If the tax remitter does not withhold the tax and Polish tax is due, the individual is required to be registered for Polish taxation, disclose the income tax due in its annual tax return filed by the end of April of the year following the given financial year and pay the tax.

Income Earned on the Disposal of Securities by Corporate Persons who are Polish Tax Residents

Pursuant to Article 1, sections 1 and 2 of the CIT Act, corporate income tax is paid by legal persons, companies in organization and organizational entities that have no legal personality (except for companies that have no legal personality, although the CIT Act also applies to limited joint stock partnerships having their seat or management board within the territory of the Republic of Poland).

In accordance with Article 3, section 1 of the CIT Act, taxpayers having their seat or management board within the territory of the Republic of Poland are required to pay tax on all of their income, irrespective of the location of the source of revenues (unlimited tax liability).

If a Polish resident disposes of real-estate property located in another country, the tax treaty between Poland and that country applies.

Gains on the disposal of securities by a corporate income taxpayer having its seat or management board within the territory of the Republic of Poland are subject to taxation under the general rules stipulated in the CIT Act. Taxable income is the difference between the proceeds from the disposal of securities (in principle, the price of securities stated in the agreement) and the tax-deductible costs (in principle, the expenditure related to the acquisition of the securities or their subscription). If the price of the securities, without a justified reason, significantly differs from the market value thereof, capital gains will be determined by a tax authority at a level that reflects their market value. Income from the disposal of securities for consideration is aggregated with the income of the taxpayer earned from other sources to form the taxable base. Pursuant to Article 19, section 1 of the CIT Act, the income of a corporate income taxpayer is taxed at a rate of 19% of the taxable base (with exceptions for so-called small taxpayers whose tax rate is reduced to 15%).

In the case of income from the disposal of securities for consideration, taxpayers are required to settle the tax themselves as the tax is not collected by the entity that pays for the securities. Taxpayers are required to make advance payments towards tax during the tax year and settle

the income tax in an annual income tax return (Article 27, section 1 of the CIT Act). The deadline for filing such tax return is the end of the 3rd month following the tax year. The same deadline applies to the taxpayers' obligation to pay the due tax.

Income Earned on the Disposal of Securities by Corporate Persons who are not Polish Tax Residents

Pursuant to Article 3, section 2 of the CIT Act, taxpayers who do not have their seat or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland. Income (revenue) earned in the territory of the Republic of Poland in particular means income (revenue) from: (i) all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland; (ii) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property; (iii) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (iv) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions where real-estate property located on the territory of the Republic of Poland or rights to such real-estate property, directly or indirectly, constitute at least 50% of their assets; and (v) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance.

Provisions of the CIT Act also apply to income obtained on the territory of the Republic of Poland by unincorporated partnerships without legal personality with their seat or management board in another state if they are treated as legal persons according to the tax legislation of that state and their entire income is taxable in that state, irrespective of where that income is earned (Article 1, section 3, point 2 of the CIT Act). Taxpayers subject to limited tax liability who earn income from the disposal of securities in Poland should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party.

If tax is payable in Poland, tax payers subject to limited tax liability should be registered for taxation purposes in Poland and meet applicable filing requirements.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Legal Persons who are Polish Tax Residents

As a rule, dividend income and other income from a share in the profits of legal persons with seats or management outside Poland is subject to taxation at a flat rate of 19% of the income earned. However, this rule is modified by the provisions of the relevant double tax treaty.

Pursuant to Article 20, section 3 of the CIT Act, income (revenues) from dividends and other revenues from participation in profits generated by legal persons with seats or management outside Poland are tax exempt in Poland if all of the following conditions are satisfied jointly: (i) the payer of dividends and other revenue from a share in the profits of legal persons is a company whose entire income, irrespective of where it is earned, is subject to income tax in a Member State of the European Union or another Member State of the European Economic Area other than the Republic of Poland; (ii) the recipient of income (revenue) from dividends and other revenue from a share in the profits of legal persons as referred to in section (i) is a company that is an income tax payer and has its seat or management board in the territory of the Republic of Poland; (iii) the company referred to in section (ii) directly holds no less than 10% of shares in the equity of a company as referred to in section (i); and (iv) the company referred to in

section (ii) does not enjoy an exemption from income tax on its entire income, irrespective of the sources from which the income is earned.

The exemption referred to above applies if the company gaining income (revenues) from dividends and other revenues from participation in profits generated by legal persons having their seat or management board within the territory of Poland has at least a 10% shareholding in the company paying out dividends continuously for two years. The exemption also applies if the two-year period of continuous holding of shares in the required amount by a company generating income (revenues) from participation in profits generated by a legal person having its registered seat or management board within the territory of the Republic of Poland ends after the date of obtaining such income (revenues). In the case of failure to satisfy the condition of holding shares in the required amount continuously for two years, the taxpayer will be required to pay 19% tax, including default interest, on the income (revenues) by the 20th day of the month following the month in which it was deprived of the right of exemption. Interest is calculated as of the day following the day on which the taxpayer first exercised the right to an exemption.

In accordance with Article 20, section 15 of the CIT Act the tax deduction and exemption referred to above apply, in particular: (i) if the shareholding referred to in Article 20, section 2, item 3, and section 3, item 3 of the CIT Act is based on a title of ownership; and (ii) with respect to income earned from shares held on the basis of a title of ownership or other than a title of ownership, provided the exemption would apply to such income (revenue) if the shares were not transferred.

Moreover, Article 20, section 3 of the CIT Act does not apply to dividends and other income (revenues) derived from shares in the profit of legal persons to the extent in which in the country of the company referred to in Article 20 section 3, item 1 of the CIT Act the amounts paid are subject in any way to inclusion in tax-deductible expenses, deduction from income, the taxable base, or the tax of the company paying them.

The exemption does not apply if dividends or other amounts due on account of a share in the profits of legal persons are paid as a result of the paying company's liquidation.

According to Article 22b of the CIT Act, the above-referenced exemption under Article 20, section 3 of the CIT Act applies on the condition that there are legal grounds for it under a double tax treaty or another ratified international agreement to which the Republic of Poland is a party for the tax authority to obtain tax information from a tax authority of a state other than the Republic of Poland where the taxpayer has its registered seat or where the income was generated.

Pursuant to the Article 22c, section 1 of the CIT Act, Article 20, section 3 of the CIT Act does not apply if income (revenue) from dividends and other revenues from the participation in profits of legal persons is earned in connection with the conclusion of an agreement or performance of another legal act or many related legal acts whose main objective or one of the main objectives was to obtain an income tax exemption under Article 20, section 3 of the CIT Act, and obtaining such exemption does not result only in the elimination of double taxation of such income (revenue), and the acts referred to above are not real. For the purposes of Article 22c, section 1 of the CIT Act, an agreement or other legal act is not real to the extent in which it is not performed for justified economic reasons. In particular, this refers to the situation where, by the actions referred to in Article 22c, section 1 of the CIT Act, the ownership of shares in a company distributing dividends is transferred or the company earns revenue (income) which is then paid in the form of a dividend or in the form of other revenue from the participation in the profits of legal persons.

Please note that the applicability of the above exemption is not clear taking into account recently introduced source of income regulations. The investors who intend to apply the exemption should consult their tax advisors.

Although in principle there are no withholding tax obligations for Polish remitters in connection with the payment of dividends and other income from a share in the profits of non-Polish legal persons, separate rules might apply to income from securities held in omnibus accounts, with the remitter being obliged to pay the withholding tax. In such cases, Investors should seek advice from their tax counsel.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Legal Persons who are not Polish Tax Residents

Pursuant to Article 3, section 2 of the CIT Act, taxpayers who do not have their seat or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland. Income (revenue) earned in the territory of the Republic of Poland in particular means income (revenue) from: (i) all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland; (ii) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property; (iii) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (iv) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions where real-estate property located on the territory of the Republic of Poland or rights to such real-estate property, directly or indirectly, constitute at least 50% of their assets; and (v) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organizational units without legal personality, having their place of residence, seat, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance.

Provisions of the CIT Act also apply to income obtained on the territory of the Republic of Poland by unincorporated partnerships without legal personality with their seat or management board in another state if they are treated as legal persons according to the tax legislation of that state and their entire income is taxable in that state, irrespective of where that income is earned (Article 1, section 3, point 2 of the CIT Act). In the case of taxation, taxpayers subject to limited tax liability who earn income from dividends and other income from a share in the profits of legal persons should follow similar taxation rules governing the income from dividends and other income from a share in the profits of legal persons obtained by Polish tax residents specified above, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. Applicability of the double tax treaty requires keeping a certificate of tax residency.

As a rule, if the place of residence, for tax purposes, was documented with a certificate of tax residence with no validity period indicated, the tax remitter (if any) applies such certificate for the period of twelve consecutive months from the date of issuance. In the event that within the period of twelve months from the date of issuance of the certificate of tax residence the place of residence of the taxpayer has changed, the taxpayer is obliged to immediately document his place of residence, for tax purposes, with a new certificate.

Although in principle there are no withholding tax obligations for Polish remitters in connection with the payment of dividends and other income from a share in the profits of non-Polish legal persons, separate rules might apply to income from securities held in omnibus accounts, with the remitter being obliged to pay the withholding tax. In such cases, Investors should seek advice from their tax counsel.

If tax is payable in Poland and not withheld by the remitter, tax-payers subject to limited tax liability should be registered for taxation purposes in Poland and meet applicable filing requirements.

Transfer Tax (Tax on Civil Law Transactions)

Pursuant to Article 1, section 1, item 1, letter a), in conjunction with Article 1, section 4 of the Tax on Civil Law Transactions Act, transfer tax applies to agreements for the sale or exchange of property and property rights, provided that they cover property located in Poland or property rights exercised in Poland, including securities. In principle, shares in a foreign (non-Polish) company are considered as rights exercisable outside of Poland. These rights are considered to be subject to the Tax on Civil Law Transactions Act only if the buyer has its permanent address or registered seat in Poland and the transaction is performed in Poland.

Transfer tax applies to sale or exchange contracts if the rights which are the subject of the transaction are to be exercised within the territory of the Republic of Poland (e.g. shares in a Polish company), or if the rights are exercised outside the Republic of Poland, provided that the agreement evidencing the sale or exchange is concluded in the Republic of Poland and the purchaser is a Polish resident. The tax is 1% of the market value of the securities which are the subject of the transfer and the tax should be paid within 14 days after the sale or exchange agreement is entered into with the corresponding registration for tax and filing requirements. In principle, the tax liability is borne by the buyer in the case of a sale agreement and by the parties to the exchange in the case of an exchange agreement.

In certain situations, the tax authorities may adjust the taxable base. The tax should be paid within 14 days after the transaction is concluded.

In accordance with Article 9, item 9 of the Tax on Civil Law Transactions Act, the sale of property rights which are financial instruments:

- (i) to investment companies or foreign investment companies, or
- (ii) through the intermediation of investment companies or foreign investment companies, or
- (iii) through organized trading, or
- (iv) outside organized trading by investment companies or foreign investment companies if such financial instruments were acquired by such companies as a part of organized trading,

within the meaning of the provisions of the Trading in Financial Instruments Act, shall be exempt from the tax on civil law transactions.

Taxation of Gifts and Inheritance

Pursuant to Article 1, section 1 of the Gifts and Inheritance Tax Act, inheritance and gift tax is imposed on the acquisition of title to any tangible property located in the Republic of Poland and any property rights exercised in the Republic of Poland by natural persons, by among others inheritance, general legacy, further legacy, specific legacy, testamentary instruction, gift and donor's instruction. Pursuant to Article 2 of the Gifts and Inheritance Tax Act, inheritance and gift tax is also imposed on the acquisition of tangible property located abroad or of property rights exercised abroad if, on the date of the opening of the succession or conclusion of a gift agreement, the donee was a citizen or permanent resident of the Republic of Poland.

The taxable base is the value of the property rights received after deducting debts and charges (i.e. the net value), assessed based on the condition of the property rights on the day of their receipt and based on the market prices applicable on the day the tax liability arose. The tax amount is calculated according to the tax group to which the recipient was assigned. A relevant tax group is assigned according to the recipient's personal relationship with the person from whom the property rights were received or inherited. Inheritances and gifts are taxed at a progressive rate from 3% to 20% of the taxable base, depending on the tax group to which the recipient was assigned. There are certain amounts which are exempt from tax in each group. Except for cases in which the tax is collected and remitted by the tax remitter, taxpayers are required to file a tax return specifying the receipt of the property rights with the competent head

of the tax office. The tax return should be accompanied by documents justifying the amount of the taxable base. The tax is paid within 14 days from receiving the decision issued by the head of the tax office assessing the amount of tax liability.

Under Article 4a, section 1 of the Gifts and Inheritance Tax Act, the receipt of title to property or property rights (including securities) by a spouse, descendant, ascendant, step child, siblings, stepfather and stepmother is tax exempt, provided that they notify the competent head of the tax office of the receipt of title to the property rights within six months from the date the tax liability arose, or, in the case of their receipt by right of succession, within six months from the date the court decision on accession to the estate becomes final and binding. The tax exemption applies if, on the acquisition date, the acquirer was a citizen of the Republic of Poland or of any Member State of the European Union or the European Free Trade Association (EFTA), a party to the European Economic Area agreement, or resided on a permanent basis in the territory of the Republic of Poland or any such Member State.

In the case of failure to meet these conditions, the receipt of title to the property rights is subject to taxation on general terms.

In addition, tax is not imposed on the acquisition of any property rights exercised in the Republic of Poland if, on the acquisition date, neither the donee nor the decedent or donor were Polish citizens and had their permanent place of residence or seat in the Republic of Poland.

Remitter's liability

Pursuant to Article 30, paragraph 1 of the Tax Ordinance, a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if the relevant provisions provide otherwise or the tax has not been withheld due to the tax payer's fault. In such a case, the relevant tax authority issues a decision concerning the tax payer's liability and not tax remitter's liability.

5.6 The Offering and Plan of Distribution

General information regarding the Offering

On the basis of this Prospectus, the Issuer is offering up to 40,000,000 New Shares and the Selling Shareholder is offering up to 20,000,000 Sale Shares. In total, up to 60,000,000 Offer Shares are being offered in the Offering.

The New Shares and the Sale Shares are offered jointly, so to the Investors subscribing for Offer Shares can be allocated only with the New Shares, only with the Sale Shares or with the New Shares and the Sale Shares, taking into consideration the terms and conditions of the Offering, described below.

Thus, in the course of the Offering, up to 60,000,000 Offer Shares are being offered publicly to Retail Investors in Lithuania (the "**Retail Offering**"), privately to institutional or qualified investors (the "**Institutional Offering**"), and privately to individually identified non-institutional and non-qualified investors (the "**Private Offering**"), and together with the Retail Offering and Institutional Offering, the "**Offering**"). The Institutional Offering and the Private Offering are not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Shares are not offered publicly in any country other than Lithuania. The Offer Shares are being offered at the Offer Price Range, which is equal to from EUR 0.45 to EUR 0.50 per share. Retail Investors will place their orders in EUR at the Maximum Price. The Issuer reserves the right to allocate in total a smaller number of Offer Shares than 60,000,000. This may happen, for instance, as a result of insufficient demand.

The Offer Shares are ordinary registered shares with the nominal value of EUR 0.29 each. After the capital increase of the Company is registered with the Register of Legal Entities, the New Shares will be registered with Nasdaq CSD under the same ISIN, as the currently issued Shares are registered (LT0000127466) and will be kept in book-entry form. No share certificates have been or will be issued. The New Shares will be denominated in euro and will be governed by the laws of Lithuania. The Offer Shares will be freely transferrable.

All the Shares are and the New Shares will be of one class, rank *pari passu* with each other and carry equal voting rights. The New Shares will give rights to dividends declared by the Company (if any) for the financial year beginning on 1 January 2018 and for subsequent financial years.

For information on applicable selling restrictions in respect of the Offer Shares, please refer to the Section 5.8 *Selling Restrictions* and for description of the rights attached to the Shares, including the Offer Shares, please see the Section 5.5 *Information Concerning the Securities to be Offered and Admitted to Trading*.

The Offering will involve the issue of as many New Shares as subscribed for in the course of the Offering and allocated to investors in accordance with the terms described in this Section, if the Management Board establishes so. In order to conduct the Offering, the Extraordinary General Meeting held on 28 March 2018 (as amended on 30 April 2018 and as detailed by the decisions of the Management Board, dated 19 June 2018 and 25 June 2018) *inter alia* resolved to authorise the Management Board, if not all the New Shares are subscribed for within the term for subscription of the New Shares to decide whether to consider the increase of the authorised capital of the Company as effective, and if so, to make respective amendments in the Articles of Association concerning the amount of the authorised capital and the number of New Shares.

The maximum size of the Offering is fixed at 60,000,000 Offer Shares. No minimal size of the Offering is established.

Please note that based on the decisions of the General Meeting held on 28 March 2018 (as amended on 30 April 2018), the Sale Shares are being offered by the Selling Shareholder subject to the condition that the creditors of the Selling Shareholder do not object to such offering of the Sale Shares. This is due to the reason that on the Prospectus approval date, the Sale Shares are pledged to the lender financing the Selling Shareholder to secure the latter's outstanding obligations to the lender. If the condition provided in this Prospectus for the Sale Shares to be offered shall be met and the Sale Shares will be allocated to the Investors, the pledge over the Sale Shares shall be terminated by the Settlement Date and the Sale Shares will be transferred to the Investors free of any encumbrances. If the mentioned condition will not be met by the indicated term, the Sale Shares shall not be allocated to the Investors.

For the purposes of the Offering no tranches of the Investors are being established. Furthermore, the division of the Offer Shares between the Retail Offering, the Institutional Offering and the Private Offering is not predetermined and will be decided by the Company in consultation with the Global Lead Manager in accordance with the principles described in the Section *Distribution and Allocation* below.

The Offer Shares are being offered at the Offer Price, which will be determined through a book-building process and expressed in EUR. The final number of the Offer Shares allotted to the Investors will be set by the Issuer in agreement with the Global Lead Manager after the Offer Price is determined, but will not be higher than 60,000,000.

Should the total demand for the Offer Shares be up to (including) 40,000,000 Shares and the Management Board will decide to proceed with the Offering, then all Shares allocated shall be only the New Shares. Should the total demand for the Offer Shares exceed 40,000,000 Shares and the Management Board will decide to proceed with the Offering, then only Sale Shares shall be applied to the additional demand, leading up to a total of 60,000,000 Offer Shares.

The Prospectus, including the Offering and any further announcements, related to the Offering, will be announced through the information systems of Nasdaq Vilnius, WSE and through the Company's website (www.auga.lt).

Corporate Resolutions and General Structure of the Offering

On 28 March 2018 (as amended on 30 April 2018 and as detailed by the decisions of the Management Board, dated 19 June 2018 and 25 June 2018) the Extraordinary General Meeting adopted *inter alia* the following decisions: (i) to increase the authorised capital of the Issuer; (ii) to revoke the pre-emptive right to acquire the New Shares for the existing shareholders; (iii) to authorise the Management Board to determine the final conditions of the Offering; (iv) to list the New Shares of the Issuer on Nasdaq Vilnius and on the WSE; (v) to authorise the Management Board to take corresponding actions and (vii) taking into consideration the increase of the authorised capital of the Company, to amend its Articles of Association. It was also established that the New Shares shall be offered to the Investors during the Offering together with the Sale Shares, held by the Selling Shareholder, subject to the condition that the creditors of it do not object to such offering of the Sale Shares.

Following the indicated decisions of the General Meeting only the minimal issue price of the New Shares was established, which is the nominal value of Shares and is equal to EUR 0.29. Accordingly, total minimal issue price of all the issue of New Shares is equal to up to EUR 18,850,000.

The Offer Price Range is the same for the New Shares as well as the Sale Shares. However, the final issue price range of the Offer Shares was set by the Management Board at from EUR 0.45 to EUR 0.50.

Please note, however, that on 16 July 2018 an Extraordinary General Meeting is convened. In this Extraordinary General Meeting a decision regarding amendment of the decision on agenda issue 1.4 taken by the Company at the Extraordinary General Meeting, held on 28 March 2018, amended by decision on agenda issue 6 of the Annual General Meeting held on 30 April 2018, by increasing the number of the existing shares held by Baltic Champs Group UAB and offered together with the public offering of the Shares of the Company from 20,000,000 Shares up to 40,000,000 Shares, as referred to in the decision was put for voting. It is suggested for the Extraordinary General Meeting to set out the respective decision as follows:

1.4. To establish that the newly issued shares to be issued under the decisions of the General Meeting, dated 28 March 2018 (up to 80,000,000 new ordinary registered shares with a nominal value of EUR 0.29 each, "Newly Issued Shares") shall be offered to the investors during the public offering of the shares of the Company together with up to 40,000,000 existing shares, owned by Baltic Champs Group UAB ("Existing Shares"), subject to the condition that the creditors of Baltic Champs Group UAB do not object to such offering of the Existing Shares. The General Meeting confirms that it consents and does not object that during the offering the Existing Shares, held by Baltic Champs Group UAB may be offered together with the Newly Issued Shares and that during the offering no Company's shares, held by any other shareholders of the Company will be offered; if the Existing Shares will be offered together with the Newly Issued Shares, the costs of the public offering process will have to be covered by the Company and the Selling Shareholder accordingly to the number of the sold Newly Issued Shares and the Existing Shares respectively. To delegate to the Board to determine the final issue price of the Newly Issued Shares (which will also be the final sale price of the Existing Shares, if applicable), define the detailed conditions and procedure for the subscription, payment and placement of the Offer Shares (including the Existing Shares, if applicable). The Board is commissioned and authorised to draft, approve a prospectus for the public offering of the offer shares (including the Existing Shares, if applicable) and admission of the Newly Issued Shares to trading on regulated markets (WSE and Nasdaq Vilnius) and to submit the prospectus to the Bank of Lithuania for approval in compliance with this decision and applicable legislation.

Consequently, if the above Extraordinary General Meeting, dated 16 July 2018 will approve the indicated decision, the respective supplement of the Prospectus will be drafted by the Company, provided for approval of the Bank of Lithuania and and notification to the PFSA (after approval and notification) announced in the same manner as the Prospectus.

The New Shares, which shall be fully paid by the Investors, shall be admitted to trading on Nasdaq Vilnius and on the WSE once the capital increase of the Company is registered in the Register of Legal Entities and the New Shares are registered with Nasdaq CSD and assimilated with the currently registered issue of Shares, as well as with the Polish settlement institution – the Central Securities Depository of Poland (in Polish: *Krajowy Depozyt Papierów Wartościowych S.A.*, the “**CSDP**”), acting as a secondary depository for the Shares.

The Management Board, upon agreement to be concluded by the Issuer, the Selling Shareholder and the Global Lead Manager, will determine the final terms on which the Offer Shares will be offered, including the final Offer Price and the final number of Offer Shares. Upon the decision thereon, the Issuer will issue the New Shares and allocate all the Offer Shares.

Thus, according to the information, provided above, the Offering shall be structured in the following order:

- (i) the subscriptions as to acquisition of the Offer Shares shall be received from the Investors as well as paid according to the order, described in this Prospectus;
- (ii) based on the decision of the Management Board the Offer Shares shall be finally allocated to the Investors;
- (iii) the capital increase of the Company shall be registered with the Register of Legal Entities;
- (iv) the New Shares shall be registered with Nasdaq CSD and with the CSDP and the Offer Shares distributed to the Investors;
- (v) the New Shares shall be introduced to trading on Nasdaq Vilnius and on the WSE.

In parallel, the respective proceeds of the Sale Shares will be provided to the Selling Shareholder following their settlement to the relevant Investors’ accounts.

Expected timetable of the Offering

The expected timetable below lists expected key dates relating to the Offering on or about which the events listed below should occur. The Issuer reserves the right to change the timetable of the Offering. Should the Issuer decide to adjust the dates set out in the timetable materially, the Issuer will provide the Bank of Lithuania with the relevant supplement to the Prospectus for the approval and passportation to the PFSA and publish such information (upon the approval and passportation of supplement) in compliance with applicable regulations, as well as market practices in Lithuania.

from 3 July 2018 (09:00) until 20 July 2018 (until 15:30)	Accepting subscriptions from the Lithuanian Retail Investors and Retail Investors, participating in a Private Offering and payment for the Offer Shares at the Maximum Price
from 3 July 2018 (09:00) until 20 July 2018 (until 15:30)	Accepting subscriptions from the Institutional Investors and payment for the Offer Shares within the Offer Price Range
from 3 July 2018 (09:00) until 20 July 2018 (until 15:30)	Book-building
on or about 23 July 2018	Determination and announcement of the final number of the Offer Shares, the Offer Price and the allotment between the Retail and Institutional Investors (the “ Allotment Date ”)
on or about 26 July 2018	Delivery of the Offer Shares to Investors and closing of the Offering (“ Settlement Date ”)

on or about 3 August 2018	Trading in New Shares is expected to commence on Nasdaq Vilnius and on the WSE
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All aforementioned times refer to local time in Lithuania.

All times and dates referred to in this timetable may be adjusted by the Issuer, in consultation with the Global Lead Manager, if deemed necessary for the successful completion of the Offering and Admission. In particular, the Issuer upon recommendation from the Global Lead Manager, may extend the subscription period for the Offer Shares, based on monitoring the market. An extension of the subscription period will result in the postponement of the allotment date of the Offer Shares, as well as in the postponement of the date of listing of the New Shares on Nasdaq Vilnius and on the WSE.

Where required by law, any changes in the Offering dates should be published in the form of a supplement to the Prospectus. Information of any change of the dates should be published no later than on the originally set date, provided that if the period of acceptance of Subscription Undertakings is shortened, relevant information should be published no later than on the date preceding the last day (according to the new schedule) of the acceptance of Subscription Undertakings.

Right to Participate in the Retail Offering

The Retail Offering is directed to all Retail Investors in Lithuania. For the purposes of the Offering, a natural person is considered to be "in Lithuania" if such person has a securities account opened with the financial institution at Investor's choice licensed to provide such services within the territory of Lithuania, and such person's address of residence recorded with that custodian in connection with that person's securities account is located in Lithuania. A legal person is considered to be "in Lithuania" if such person has a securities account with the financial institution at Investor's choice licensed to provide such services within the territory of Lithuania, and such person's legal address recorded with that custodian in connection with such person's securities account is located in Lithuania, or if it is registered in the Register of Legal Entities.

Offer Price Range, Maximum Price and Offer Price

The Offer Price Range is from EUR 0.45 to EUR 0.50 per one Offer Share. The Offer Price Range and the final Offer Price will be the same in the Institutional Offering, in the Private Offering and in the Retail Offering. Furthermore, the Offer Price Range and the final Offer Price will be the same for all Offer Shares.

During the book-building process amongst Institutional Investors invited by the Global Lead Manager, such Institutional Investors interested in subscribing for the Offer Shares will indicate the number of the Offer Shares they will be willing to acquire and the price, within the Offer Price Range (not higher than the Maximum Price), they will be willing to pay. Retail Investors will not participate in the book-building process.

The final price at which the Offer Shares will be sold may be set at any point within the Offer Price Range indicated in this Prospectus. A number of factors will be considered in determining the Offer Price, among others, the amount to be raised by the Company pursuant to the Offering and the basis of allocation to investors, including the level and nature of the demand for the Offer Shares during the book-building process, prevailing market conditions and the objective of establishing an orderly aftermarket in the Shares. A pricing notification containing the Offer Price and the final number of the Offer Shares is expected to be published on or about 23 July 2018 on the Company's website (www.auga.lt) and via Nasdaq Vilnius and the WSE. The Pricing Notification will not automatically be sent to all persons who received this Prospectus, but will be available free of charge at the registered office of the Global Lead Manager at Tartu mnt 2, 10145 Tallinn, Estonia.

If the Offer Price Range changes prior to the announcement of the final Offer Price, the revised Offer Price Range will be announced and advertised as soon as possible and the Company will publish a supplement to the Prospectus and each Investor, having subscribed the Offer Shares will be allowed to exercise their withdrawal rights as indicated in Section *Change of terms of the Offering* below. Any notices relating to the approval of the Prospectus and its supplements (if any) which have to be published by the Bank of Lithuania in accordance with Lithuanian law will be published on its website (www.lb.lt).

Offering (Subscription) Period

The Offering Period is the period during which eligible Investors may submit Subscription Undertakings (please see Section *Subscription Undertakings* for further details) for the Offer Shares. The Offering Period commences on 3 July 2018 at 09:00 local time in Lithuania and terminates on 20 July 2018 at 15:30 local time in Lithuania.

Subscription Undertakings

Submitting Subscription Undertakings

The Subscription Undertakings may be submitted through any financial institutions (each a "**Participating Institution**") that are members of Nasdaq Vilnius. As of the date of the Prospectus, the list of these financial institutions is as follows (in alphabetical order):

- Citadele banka/ Citadele bankas
- Cresco Väärtpaperid
- Danske Bank
- Instinet Europe Limited
- Interactive Brokers (U.K) Limited
- Joh. Berenberg, Gossler & Co. KG
- LHV Pank
- Luminor Bank AB/ Luminor Bank AS
- Nordea Bank AB (publ)
- Orion Securities
- SEB banka/ SEB Bankas/ SEB Pank
- Šiaulių Bankas
- Skandinaviska Enskilda Banken
- Swedbank AB (Sweden)/ Swedbank AS (Estonia)/ Swedbank AS (Latvia)/ Swedbank, AB (Lithuania)

A complete and up to date table can be found at the following address:
<http://www.nasdaqbaltic.com/market/?pg=members&lang=en>.

In order to be able to subscribe for the Offer Shares, an Investor must have a securities account opened with one of these institutions. The treatment of Subscription Undertakings in the allocation is not determined on the basis of which institution they are made through.

Content of and Requirements for Subscription Undertakings

Subscriptions will be accepted on a Subscription Undertaking in Lithuanian or in English (for persons who are not Lithuanian residents). Retail Investors are allowed to submit a copy of a signed Subscription Undertaking to their chosen Participating Institution by fax or email prior to submitting an original document to the office of their chosen Participating Institution. The original document has to be submitted to their chosen Participating Institution until the end of the Subscription Period, as indicated above. Institutional Investors are allowed to submit a signed copy of a Subscription Undertaking by fax or email to their chosen Participating Institution and are not required to submit an original document.

Subscription Undertakings must include *inter alia* the number of Offer Shares subscribed for, the Offer Price (per one Offer Share and total), and the number of the securities account of the Investor. The Retail Investors will place their orders in EUR at the Maximum Price. Institutional investors may choose the price (within the Offer Price Range) at which they would like to purchase Offer Shares. Forms for Subscription Undertakings will be provided by the financial institution through which the Investor submits the Subscription Undertaking.

Subscription Undertakings may be submitted only during the Offering Period, only at the Maximum Price for Retail Investors, at the price within the Offer Price Range for Institutional Investors, and only in euros. If multiple Subscription Undertakings are submitted by one Investor, they will be merged for the purposes of allocation.

Each Investor must ensure that the information contained in the Subscription Undertaking submitted by such Investor is correct, complete and legible. Incomplete, incorrect, unclear or illegible Subscription Undertakings, or Subscription Undertakings that do not otherwise comply with the terms set out in this Prospectus or that have not been completed and submitted and/or have not been supported by the necessary additional documents, requested by the Issuer or the Global Lead Manager, may be rejected at the sole discretion of the Company.

An Investor may submit a Subscription Undertaking either personally or through a representative whom the Investor has authorised (in the form required by the local law and by the relevant financial institution) to submit the Subscription Undertaking. More detailed information concerning the identification of Investors, including requirements concerning documents submitted and the rules for acting through authorized representatives, can be obtained by Investors from the entities accepting Subscription Undertakings.

Each Investor may subscribe for the minimum of one hundred Offer Shares.

At the time of placing a Subscription Undertakings, Investors are required to make an irrevocable instruction for depositing the Offer Shares in a securities account maintained in their name and opened with entities of their choice which are licensed to provide such services within the territory of the Lithuania.

Any consequences of a Subscription Undertaking for the Offer Shares being incorrectly filled out will be borne by the Investor.

The Subscription Undertakings provided by the Investors, which shall be allotted with Offer Shares (and in the relevant amount) shall be accepted by the Issuer or persons authorised by the Issuer not later than within 10 calendar days as from the Allotment Date. The acceptance shall be provided to the Investors in the form decided by the Issuer.

Costs and Fees

Investors will not be charged expenses by the Issuer, the Selling Shareholder or the Global Lead Manager, related to the Offering. However, the Investors must bear all costs and fees charged by the respective Participating Institution through which they submit their Subscription Undertakings. This may include costs and fees for the submission, amendment or cancellation of a Subscription Undertaking, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular financial institution.

Submission of Subscription Undertakings through Nominee Accounts

An Investor may submit a Subscription Undertaking through a nominee account only if such an Investor authorises the owner of the nominee account to disclose the Investor's identity, personal ID number or registration number, and address to the Company, the Selling

Shareholder, the Global Lead Manager, Nasdaq CSD. Subscription Undertakings submitted through nominee accounts without the disclosure of the above information will be disregarded.

Amendment and Cancellation of Subscription Undertakings

Investors have the right to amend or cancel their Subscription Undertakings (and place new Subscription Undertakings) at any time until the end of the Offering Period. This may result in costs and fees charged by the Participating Institution through which the Subscription Undertaking is submitted.

Furthermore, a Subscription Undertaking for the Offer Shares may also be withdrawn when after the start of the Offering, a supplement of the Prospectus is made public concerning an event or circumstances occurring before the allotment of the Offer Shares, of which the Issuer became aware before the allotment. The Investor who has made a Subscription Undertaking before the publication of the supplement may withdraw such subscription by submitting a written statement to the institution where the subscription was made, within two business days from the date of the publication of the supplement of the Prospectus.

The repayments will be made in accordance with the Subscription Undertaking within ten business days after making the statement on the subscription cancellation.

Legal Effect of Subscription Undertakings

By submitting a Subscription Undertaking, every Investor *inter alia*:

- (i) is deemed to have read this Prospectus and the Company's Articles of Association and accepted their content;
- (ii) accepts the terms and conditions of the Offering set out under this Section and elsewhere in this Prospectus and agrees with the Company that such terms will be applicable to the Investor's acquisition of any Offer Shares;
- (iii) accepts that the number of the Offer Shares indicated by the Investor in the Subscription Undertaking will be regarded as the maximum number of the Offer Shares which the Investor wishes to acquire (the "**Maximum Amount**") and that the Investor may receive less (but not more) Offer Shares than the Maximum Amount subscribed for, or the Investor may be not allotted any Offer Shares at all (please see Section *Distribution and Allocation*);
- (iv) accepts that the Investor may be allocated only with the New Shares, only with the Sale Shares or with the New Shares and the Sale Shares, taking into consideration the terms and conditions of the Offering;
- (v) undertakes to acquire and pay for any number of the Offer Shares allocated to Investor up to the Maximum Amount;
- (vi) authorises and instructs the financial institution through which the Subscription Undertaking is submitted to arrange the settlement of the transaction on Investor's behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;
- (vii) authorises the financial institution through which the Subscription Undertaking is submitted to amend the information contained in the Subscription Undertaking to (a) specify the value date of the transaction, (b) specify the number of the Offer Shares to be subscribed and acquired by the Investor and the total amount of the transaction up to the Maximum Amount times the price (for Retail Investors the Maximum Price, for Institutional Investors the chosen price within the Offer Price Range), (c) specify the final Offer Price per Offer Share; (d) correct or clarify obvious mistakes or irregularities in the Subscription Undertakings, if any.

No Assignment or Transfer

Rights arising out of this Prospectus in relation to the subscription for the Offer Shares (including, without limitation, rights arising from any Subscription Undertaking or any acceptance thereof)

are not assignable, tradable or transferable in any way and any assigned or transferred rights will not be recognised by the Company and will not be binding on the Company.

Payment

By submitting a Subscription Undertaking, each Investor shall authorise and instruct the institution operating the Investor's cash account connected to investor's securities account (which may or may not also be the financial institution through which the Subscription Undertaking is being submitted) to immediately block the whole transaction amount on the Investor's cash account until the payment for the allotted Offer Shares is completed or until funds are released in accordance with this Prospectus. The transaction amount to be blocked will be equal to the Offer Price (for Retail Investors the Maximum Price, for Institutional Investors the chosen price within the Offer Price Range) multiplied by the Maximum Amount. An Investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account. If blocked funds are insufficient, the Subscription Undertaking will be deemed null and void to the extent funds are insufficient.

For the purpose of this Offering the Company has opened a special bank account with LHV Pank AS, a bank registered as a public limited company in Estonia, registered in the Estonian Commercial Register under register code 10539549, registered address Tartu mnt 2, 10145 Tallinn, Estonia, which will be used solely for the purpose of collecting the funds from the Investors during this Offering and will not be used for any other purposes. On the Allotment Date, the blocked funds of the Investors for the payment of the allotted Offer Shares will be transferred to this special bank account, which will be indicated in the Subscription Undertaking.

Payments for the Offer Shares are interest free.

Intentions of the shareholders and members of Management and Administrative bodies of the Issuer as to participation in the Offering

According to the information available to the Issuer, obtained after a review carried out with due diligence, none of the present members of the Management or administrative bodies of the Issuer intend to subscribe for the Offer Shares.

Distribution and Allocation

The Company together with the Global Lead Manager will decide on the allocation of the Offer Shares after the expiry of the Offering Period, on or about 23 July 2018. The Offer Shares will be allocated as described below.

Allocation between Retail Offering, Institutional Offering and Private Offering

When deciding the division of Offer Shares between the Retail Offering, the Institutional Offering and the Private Offering, the Company, together with the Global Lead Manager, will consider mainly:

- (i) the overall demand for the Offer Shares,
- (ii) the demand for the Offer Shares in the Institutional Offering, and
- (iii) the variance in the size of orders in the Retail Offering and the distribution of orders of different sizes in the Retail Offering. The Investors participating in the Retail Offering and Private Offering will be treated equally.

When deciding this division, the Company, together with the Global Lead Manager, will aim to determine a proportion between the Retail Offering, the Institutional Offering and the Private Offering which gives reasonable preference to Institutional Investors and which can be expected to contribute to a more stable and favourable development of the price of the Shares in the secondary market.

Having established the division of Offer Shares between the Retail Offering, the Institutional Offering and the Private Offering, the Company, together with the Global Lead Manager, will allocate Offer Shares to the participants of the Institutional Offering on a fully discretionary basis.

In the Retail Offering, Offer Shares will be allocated by the Company together with the Global Lead Manager as follows:

- (i) under equal circumstances, all Retail Investors in the Retail Offering shall be treated equally and a stepped methodology will be applied and the same principles will be applied in the Private Offering;
- (ii) depending on the number of Retail Investors participating in the Retail Offering and the number of Offer Shares subscribed for by individual Retail Investors, the minimum and maximum number of the Offer Shares to be allocated to one Retail Investor may be established;
- (iii) the allocation shall be aimed to create a solid and reliable Investor base for the Company.

If the Offering is undersubscribed, the Company may reduce the number of the Offer Shares accordingly, or cancel the Offering as described in the Section *Cancellation of the Offering* below.

The Issuer and the Global Lead Manager are not obliged to allocate any Offer Shares to any Investors participating in the Offering. Furthermore, there is no target minimum individual allotment to the Investors.

The final number of the Offer Shares and the allotment between the Retail Investors and the Institutional Investors, including the reduction of orders placed, will be filed with the Bank of Lithuania and PFSA, as well as announced on the Allotment Date as a material event through the information system of Nasdaq Vilnius, WSE and the Company's website (www.auga.lt) on or about 23 July 2018.

Overallotment and overallotment option

The Issuer and the Selling Shareholder will not grant any overallotment option of the green shoe type and therefore no overallotment is foreseen. No stabilisation will be undertaken.

Public announcement of the Offering results

Information on the results of the Offering will be announced by way of the notification on material event according to the procedure of the applicable Lithuanian laws through the information system of Nasdaq Vilnius, WSE and the Company's website (www.auga.lt). Furthermore, the placement report will be filed with the Bank of Lithuania within 3 business days as from the registration of the capital increase of the Issuer with the Register of Legal Entities.

Settlement through the Global Lead Manager

Settlement of the Offering will be undertaken through the Global Lead Manager.

The proceeds of the Offering for the New Shares will be transferred to the Company and used by the Company to increase its share capital and register the New Shares with Nasdaq CSD.

The proceeds of the Offering for the Sale Shares will be passed to the Selling Shareholder following the Settlement.

Distribution of the Offer Shares to the Investors and Trading

The New Shares of the Offering allocated to investors will be transferred to their securities accounts on the day of their registration with Nasdaq CSD, not later than on the second business day after the registration of the capital increase of the Company with the Register of Legal Entities, in accordance with the rules of Nasdaq CSD. The title to the Offer Shares will pass to

the relevant Investors when the respective entries regarding acquisition of the Offer Shares are made in their securities accounts.

The Sale Shares of the Offering allocated to Investors will be transferred to their securities accounts on the same day as the New Shares of the Offering.

If an Investor has submitted several Subscription Undertakings through several securities accounts, the Offer Shares allocated to such Investor will be entered on all such securities accounts proportionally to the number of Offer Shares indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary.

The Offer Shares omitted from the settlement (if any) shall be reallocated or cancelled, the manner for such reallocation to be decided jointly by the Company and the Global Lead Manager.

The New Shares received by the Investors may not be transferred or sold further until the date of admission of the New Shares to trading on Nasdaq Vilnius and the WSE. To ensure compliance with this condition, the operators of the Investors' securities accounts will block the New Shares on the securities accounts of the respective investors until then.

Trading with the New Shares is expected to commence on Nasdaq Vilnius and on the WSE on or about 3 August 2018. For further information on the admission to trading, please see the Section *Listing and Admission to Trading*.

Return of Funds

If the Offering or a part thereof is cancelled, if the investor's Subscription Undertaking is rejected, if the allocation is less than the amount of the Offer Shares applied for or if the Offer Price is established lower than the Maximum Price, the funds blocked on the investor's cash account (or the excess part thereof) will be released by the respective financial institution within 10 business days. Regardless of the reason for which funds are released, the Company and the Selling Shareholder shall never be liable for the release of the respective funds and for the payment of interest on the released funds for the time they were blocked (if any).

Cancellation, Suspension or Postponement of the Offering

The Issuer may cancel the Offering, upon recommendation of the Global Lead Manager or at its own initiative, at any time prior to the Allotment Date without disclosing any reason for doing so. The Issuer may also change the dates of opening and closing of the Subscription Period or decide that the Offering will be postponed and that new dates of the Offering will be provided by the Issuer later.

The Issuer may cancel the Offering, upon recommendation of the Global Lead Manager if the Issuer considers it impracticable or inadvisable to proceed with the Offering. Such reasons include, but are not limited to: (i) suspension or material limitation of trading in securities generally on Nasdaq Vilnius and/or on the WSE, as well as any other official stock exchange in the EU and the United States; (ii) sudden and material adverse change in the economic or political situation in Lithuania or worldwide; (iii) a material loss or interference with the Issuer's or its Subsidiaries business, or (iv) any material change or development in or affecting the general affairs, management, financial position, shareholders' equity or results of the Issuer's operations or the operations of the Subsidiaries. In such an event, subscriptions for Offer Shares that have been made will be disregarded, and any subscription payments made will be returned without interest or any other compensation.

If the Offering is suspended, the Issuer may decide that subscriptions made and payments made will be deemed to remain valid, however, for no longer than seven business days. In such case, Investors may withdraw subscriptions made by submitting a relevant statement to that effect within two business days after the report on the suspension is announced.

Any decision on cancellation, suspension, postponement or changes of dates of the Offering will be published by way of a material event notification and in a manner compliant with applicable regulations, as well as market practices in Lithuania.

If the Offering is cancelled or suspended, Investors who placed Subscription Undertakings and paid for the subscription will get their payments back (or the blocked funds will be released):

- if the Offering is cancelled – within three business days after the public announcement by the Company of the Offering cancellation;
- if the Offering is suspended – within three business days after the date on which the Investor has made a statement cancelling his subscription or three business days after the date that the Issuer announces that the orders placed are not valid.

The timely repayment of money paid will be made without any interest or compensation.

Change of terms of the Offering

In accordance with the relevant regulations in force in Lithuania applicable to public offerings and the admission of securities to trading on a regulated market, any significant change to the Prospectus, as defined in the aforementioned regulations, will be communicated through a supplement to the Prospectus, if required. The supplement to the Prospectus will need to be approved by the Bank of Lithuania, passported to the PFSA, as well as published in the same manner as the Prospectus. If the supplement is published after approval of the Prospectus by the Bank of Lithuania and relates to events or circumstances which occurred prior to the Allotment Date and about which the Issuer or the Global Lead Manager have learnt prior to the allotment, Investors who have placed their Subscription Undertakings before publication of the supplement will have a right to withdraw their Subscription Undertakings within two business days from the publication of the supplement to the Prospectus.

In such a case, if necessary, the Settlement Date will be adjusted in order to enable the Investors to withdraw their subscriptions.

Moreover, information resulting in changes to the content of the Prospectus or supplements already made available to the public in respect of the organization or conduct of subscription of Offer Shares or the Admission, which do not require publication of the supplement, will be published in the same manner as the Prospectus in compliance with applicable regulations. Such information will be simultaneously submitted to the Bank of Lithuania and PFSA. In such a case, the Investors shall not have a right to withdraw their Subscription Undertakings.

5.7 Admission to Trading and Dealing Arrangements

As of the date of this Prospectus, all the existing Shares of the Issuer (187,416,252 Shares, which also include the Sale Shares) are dual-listed on the Baltic Secondary List of Nasdaq Vilnius and on the Parallel Market of the WSE. The Issuer also intends to make an application to the WSE for the Admission of New Shares to trading on this regulated market.

In addition to that, the Issuer intends that after a successful execution of the Offering all its Shares (including the New Shares) are traded not on the Baltic Secondary List, but on the Baltic Main List of Nasdaq Vilnius. For this purpose, the Issuer has filed a request to Nasdaq Vilnius for adoption of a decision on conditional admission of the New Shares to trading on the Baltic Main List of Nasdaq Vilnius and the move of all existing Shares (including the Sale Shares) from the Baltic Secondary List to the Baltic Main List of Nasdaq Vilnius.

On 26 June 2018 Nasdaq Vilnius management board passed the respective decision and established the following conditions to be fulfilled by 30 September 2018 in order that the New Shares were listed on the Main List of Nasdaq Vilnius (and the existing Shares switched to the

same list): (a) distribution of the Shares to the public to the extent that the requirement regarding sufficient portion of free float would be met, (b) presentation by the Company of the report to Nasdaq Vilnius concerning fulfilment of the above condition and the decision of the Nasdaq Vilnius management board, confirming that the Issuer and its financial instruments meet all the requirements set forth in the Listing Rules.

Consequently, the Admission and introduction of the New Shares to trading on the above list of Nasdaq Vilnius (and the move of the existing Shares to it) could be done *inter alia* after: (a) the approval of the Prospectus by the Bank of Lithuania and its publication by the Issuer in the manner prescribed by the applicable laws; (b) resolution of the Nasdaq's management board passed, to admit that the Issuer and the Shares (including the New Shares) meet all the requirements, set forth in the Nasdaq Listing Rules. If the Nasdaq Vilnius Listing Rules requirements will not be met following the Offering, the New Shares may also be admitted to trading on the Baltic Secondary List of Nasdaq Vilnius, the same as the currently issued Shares.

Disregarding the above the Admission and introduction of the New Shares to trading on the WSE and Nasdaq Vilnius (Baltic Main List or Baltic Secondary List, depending on the above circumstances) requires the approval of the Prospectus by the Bank of Lithuania and notification to the PFSA, publication of the Prospectus together with Polish translation of the Prospectus summary in the manner prescribed by the applicable laws and execution of other actions, as indicated above and below.

Under the laws of Lithuania, the following registration processes are needed in order to validly issue New Shares: (i) execution of the Offering, (ii) registration of the increase of the authorised capital of the Company with the Register of Legal Entities and (iii) registration of the New Shares with Nasdaq CSD and assimilation with the currently registered Shares. Thus, the New Shares will be eligible for the listing upon their payment by the Investors and the aforementioned registrations.

The Issuer will not be seeking to apply for listing of temporary share receipts, such as "rights to shares" within the meaning of article 3 of the Trading in Financial Instruments Act.

At the time of registration of the New Shares with Nasdaq CSD, they should be simultaneously introduced to trading on Nasdaq Vilnius. Thus, the New Shares will be eligible for the listing upon their payment by Investors and the aforementioned registrations.

Under the Polish laws, the admission and introduction of the New Shares to trading on the WSE requires, *inter alia* (apart from the approval of the Prospectus by the Bank of Lithuania, notification to the PFSA and publication of the Prospectus together with Polish translation of the Prospectus summary): (a) an application to be made, and resolutions of the CSDP's management board adopted to register the New Shares in the CSDP; and (b) an application to be made, and resolutions of the WSE's management board adopted, to admit and introduce the New Shares to trading on the WSE.

The Company will take all the necessary actions under the applicable laws, needed in order to admit and introduce the New Shares to trading on the WSE and Nasdaq Vilnius.

The Company expects that trading in the Offer Shares on the WSE and on Nasdaq Vilnius will commence on or about 3 August 2018.

Other than the market maker (see below *Market Maker*), no entity has a commitment of any kind to act in secondary trading in the Shares or provide liquidity through bid and offer rates. No stabilisation will be undertaken.

Selling Securities Holder

Baltic Champs Group UAB – a private limited liability company organized and existing under the laws of the Republic of Lithuania, corporate ID code 145798333, registered at the address Šiaulių r. sav. Poviliškių k., Lithuania, company's data is collected and stored with the Register of Legal Entities (the "**Selling Shareholder**").

Global Lead Manager

The Company and the Selling Shareholder have appointed LHV Pank AS, a public limited liability company established and existing under the laws of the Republic of Estonia, corporate ID code 10539549, with its registered address at Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 2, 10145, Estonia, to act as the Global Lead Manager and offering broker in Lithuania.

Market Maker

As it was indicated in the notification on material event of the Company, dated 11 August 2017, the Company has signed the Market Maker Agreement with Orion Securities UAB FMĮ, which has undertaken to act as market maker for the Shares of the Company to increase their liquidity. Under the Market Maker Agreement, Orion Securities UAB FMĮ will provide liquidity on both bid and ask sides around the Company, increasing market depth in this way. The provision of services has commenced as from 14 August 2017.

Dilution

The issue of New Shares comprises of approximately 21.34% of the Company's authorised capital prior to its increase. In case all the New Shares of the Offering are allocated to the Investors and none of the existing shareholders will participate in the Offering and acquire Offer Shares, the holdings of the existing shareholders would be diluted from the number of Shares, held by them prior to increase of the authorised capital of the Company. The indicated dilution would amount to approximately 17.59%, i.e. the Issuer's shareholders that existed before the increase of the authorised capital would own approximately 82.41% of the Issuer's shares after the issue (excluding the impact of the Sale Shares).

Placement Agreement

The Issuer and the Selling Shareholder intend to enter, prior to the Allotment Date, into a placement agreement (the "**Placement Agreement**") in respect of the Offering with *inter alia* the Global Lead Manager, in which the Global Lead Manager will commit to undertake certain actions in connection with organization of the Offering and the Admission.

The Issuer, the Selling Shareholder and the Global Lead Manager do not expect to enter into an underwriting agreement.

The Global Lead Manager will act as an offering agent with respect to the Offer Shares for the purposes of the Offering and Admission to trading on Nasdaq Vilnius and WSE.

The Selling Shareholder and the Company will share the costs indicated below in proportion of the Offer Shares sold.

In connection with the Offering, the Global Lead Manager will be paid a fee of up to 3%, respectively, of the gross proceeds from the placement and sale of the Offer Shares.

Following the preliminary calculations, the fixed expenses, related to this issue and Offering, shall comprise of up to EUR 1,200 thousand (including, without limitation, the fixed fees (if any) for the Global Lead Manager, the Lithuanian and Polish legal counsels, fees to the Bank of Lithuania for approval of the Prospectus, fees to Nasdaq CSD, CSDP, Nasdaq Vilnius and WSE,

fees for preparation of the Prospectus, auditors' fees, marketing of the Offering and costs of analyses prepared with respect to the Offering). In addition, the Issuer and Selling Shareholder have agreed to hold harmless the Global Lead Manager against certain liabilities and to reimburse the Global Lead Manager for some of its expenses in connection with the management of the Offering. The Global Lead Manager is entitled in certain circumstances to be released and discharged from its respective obligations under the Placement Agreement prior to the trading in the New Shares is expected to commence (on or about 3 August 2018). Such circumstances include the non-satisfaction of certain conditions precedent and the occurrence of certain force majeure events. The Offering shall be conducted following the principle of "best endeavours".

The final amount of expenses covered by the Company will be calculated after the Offering and will be publicly announced within two weeks from the Settlement Date.

The Issuer and Selling Shareholder agreed to pay all commissions and expenses in connection with the Offering. However, Investors will bear their own costs connected with the evaluation and participation in the Offering, i.e. standard brokerage fees charged by brokers.

Lock-up Agreement

Prior to the commencement of trading in New Shares, the Global Lead Manager, the Selling Shareholder (i.e. Baltic Champs Group UAB holding 88.13% of all Shares) and Mr Kęstutis Juščius will enter into a Lock-up Agreement according to which they will agree that, the Selling Shareholder will not offer, sell, contract to sell, or otherwise dispose of any Shares or any equivalent instruments within the first 24 calendar months from the Settlement Date for Shares representing 51% of the Issuer's authorised capital and that Kęstutis Juščius undertakes to retain control of the Issuer (including at all times own directly or indirectly at least 51% of the issued and outstanding shares of the Issuer). Additional Shares, representing up to 20,000,000 existing ordinary registered Shares (the Sale Shares) may, subject to receiving appropriate permissions from the lenders, be sold at the Offering. Sale Shares not sold in the Offering may be subsequently sold in the market in parcels equivalent to no less than EUR 1 million consideration apiece to long-term investors.

Moreover, attention should be given to the fact that on 16 July 2018 an Extraordinary General Meeting is convened. In this Extraordinary General Meeting a decision regarding amendment of the decision on agenda issue 1.4 taken at the Extraordinary General Meeting, held on 28 March 2018, amended by decision on agenda issue 6 of the Annual General Meeting held on 30 April 2018, by increasing the number of the existing Shares held by the Selling Shareholder (Baltic Champs Group UAB) and offered together with the public offering of the New Shares from 20,000,000 Shares up to 40,000,000 Shares, as referred to in the draft decision was put for voting.

Should the number of Sale Shares increase as a result of this Extraordinary General Meeting's decision, the new limit will be up to 40,000,000 existing ordinary registered Shares, subject to receiving appropriate permissions from the lenders of the Selling Shareholder, to be sold at the Offering.

5.8 Selling Restrictions

Prospectus

This document constitutes a Prospectus within the meaning of the Prospectus Directive and the Law on Securities (which implemented the Prospectus Directive into Lithuanian law), for the purpose of providing any information with regard to the Company and the Shares, the Company and the Selling Shareholder intend to offer pursuant to this Prospectus, which is necessary to enable Prospective Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company.

This document constitutes a Prospectus in the form of a single document within the meaning of Article 5.3 of the Prospectus Directive and Article 6 of the Law on Securities. This Prospectus has been filed with, and was approved by the Bank of Lithuania, which is the competent authority in Lithuania to approve this document as a prospectus. Under the Prospectus Directive and the Law on Securities, this Prospectus, once approved by the competent authority of one member state of the EU (the "Home Member State") may be used for making a public offering and admission of securities to listing on a regulated market in another Member State of the EU (the "Host Member State"), provided that the competent authority of the Home Member State provides the competent authority of the Host Member State with a certificate of approval of the Prospectus (in accordance with Article 18 of the Prospectus Directive and Article 13 of the Law on Securities).

Consequently, in addition to execution of the Offering in Lithuania, the Company will be authorized to execute the Admission of the New Shares on the WSE, once the Bank of Lithuania has provided the PFSA with (1) a certificate of approval of this Prospectus (in accordance with Article 13 of the Law on Securities, Article 37.1.1 of the Public Offering Act and Article 18 of the Prospectus Directive); (2) a copy of the Prospectus together with a summary of the Prospectus in the Polish language; (3) information on addresses of websites owned by the Bank of Lithuania, the Company or by the company operating the regulated market at which the electronic version of the issue prospectus has been placed, and after the Prospectus in the English language and its summary in the Polish language has been made available to the public, which is equivalent to authorizing the Admission to trading on the WSE in Poland.

No Public Offering outside of Lithuania

This Prospectus has been prepared on the basis that there will be no public offer of the Offer Shares, other than the Offering to the public in the territory of the Republic of Lithuania in accordance with the Prospectus Directive, as implemented in Lithuania. Accordingly, any person making or intending to make any offering, resale or other transfer within the European Economic Area (the "EEA"), other than in Lithuania, of the Offer Shares may only do so in circumstances under which no obligation arises for the Issuer, the Selling Shareholder or the Global Lead Manager to produce an approved prospectus or other offering circular for such offering. Neither the Issuer, the Selling Shareholder, nor the Global Lead Manager have authorized, nor will any of them authorize, the making of any offer of the Offer Shares through any financial intermediary, other than offers made by the Global Lead Manager under this Prospectus.

No action has been or will be taken by the Issuer, the Selling Shareholder or the Global Lead Manager in any jurisdiction other than Lithuania that would permit a public offering of the Offer Shares, or the possession or distribution of this Prospectus or any other offering material relating to the Issuer or the Offer Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with applicable rules and regulations of any such country or jurisdiction.

The distribution of this Prospectus and the Offering in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions on the distribution of this Prospectus and the Offering, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. This Prospectus does not constitute an offer to subscribe for or buy any of the Offer Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Company and the Global Lead Manager reserve the right to reject any offer to subscribe and purchase the Offer Shares, in whole or in part, for any reason.

Notice to Investors

Because of the following restrictions, Prospective Investors are advised to consult their own legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares.

No actions have been taken to register or qualify the Offer Shares or otherwise permit a public offering of the Offer Shares in any jurisdiction other than in Lithuania.

Notice to Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of Offer Shares (including by means of a resale or other transfer) may not be made in that Relevant Member State, other than the offer in Lithuania after the publication of a Prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that it may make an offer of the Offer Shares to the public in that Relevant Member State under the following exemptions under the Prospectus Directive, if such exemptions have been implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined under the Prospectus Directive;
- by the Global Lead Manager to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the "2010 Prospectus Directive Amending Directive", 150 natural or legal persons, as permitted under the Prospectus Directive, subject to obtaining the prior written consent of the Global Lead Manager nominated by the Issuer for any such offers; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Offer Shares should result in a requirement for the Issuer, the Selling Shareholder and the Global Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State (other than, in the case of paragraph (a) below, persons in Lithuania receiving the offer in the respective country contemplated in the Prospectus) who receives any communication in respect of, or who acquires any the Offer Shares under, the offer contemplated in the Prospectus will be deemed to have represented, warranted and agreed to and with each of the Issuer, the Selling Shareholder and the Global Lead Manager limited that:

- (a) it is a qualified investor as defined under the Prospectus Directive Article 2(1)(e); and
- (b) in the case of any of the Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Global Lead Manager has been given to the offer or resale.

For the purposes of the provisions and representations above, the expression an "offer to the public" in relation to any the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes

any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to investors in the United Kingdom

This Prospectus and any other material in relation to the securities described herein may only be distributed to and may only be directed at persons in the United Kingdom (the "UK") that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (the "Qualified Investors") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iii) to whom it may otherwise lawfully be distributed (all such persons together being referred to as "Relevant Persons"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such the Offer Shares will be engaged in only with, Relevant Persons. This document and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) by recipients to any other person in the UK. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

No Prospective Investor should consider any information in this Prospectus to be investment, legal, tax or other advice. Each prospective investor should consult its own counsel, accountant and other advisers for such advice. None of the Issuer, the Selling Shareholder and the Global Lead Manager makes any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in such shares by such offeree or purchaser.

The Global Lead Manager is acting solely for the Issuer and for the Selling Shareholder and no one else in connection with this Offering and is not, and will not be, responsible to any other person for providing advice in respect of this offering or for providing the protections afforded to their respective clients. The Global Lead Manager and certain related entities may acquire a portion of the Offer Shares for their own accounts.

In connection with the Offering, the Global Lead Manager and any affiliate acting as an investor for its own account may acquire the Offer Shares and in that capacity, may retain, purchase or sell for its own account the Offer Shares and any of the Issuer's other securities or related investments and may offer or sell the Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this document to the Offer Shares being offered should be read as including any offering of securities to the Global Lead Manager and any affiliate acting in such capacity. The Global Lead Manager does not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

In relation to member states of the EEA other than the United Kingdom, there may be further rules and regulations of such country or jurisdiction within the EEA relating to the offering of the Offer Shares or distribution or publication of this Prospectus or any other offering material or advertisement; persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of the Prospectus and the offer of Offer Shares applicable in such EEA member state.

United States

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to Qualified Institutional Buyers (QIBs) as defined in, and in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Canada

This Prospectus is not, and under no circumstances is to be construed as, a Prospectus, an advertisement or a public offering of the securities described herein in any province or territory of Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended), and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (which term as used herein includes any corporation or other entity organized under the laws of Japan), or to others for offering or sale, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law of Japan and (ii) in compliance with any other applicable requirements of Japanese law.

Switzerland

The Prospectus does not constitute a prospectus within the meaning of Articles 652a or 1156 of the Swiss Federal Code of Obligations, or a listing prospectus according to Article 27 et seq. of the Listing Rules of the SIX Swiss Exchange. The Offer Shares will not be listed on the SIX Swiss Exchange and therefore, the Prospectus does not comply with the disclosure standards of the Listing Rules of the SIX Swiss Exchange.

Accordingly, the Offer Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors which do not subscribe for the Offer Shares with a view to distribution to the public. The investors may be individually approached by the Global Lead Manager from time to time. The Prospectus is personal to each offeree and does not constitute an offer to any other person. The Prospectus may only be used by those persons to whom it has been handed out in connection with the offer described herein, and may neither directly, nor indirectly be distributed or made available to other persons without the express consent of the Issuer. It may not be used in connection with any other offer and shall, in particular, not be copied and/or distributed to members of the public in or from Switzerland.

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