AUGA GROUP AB

(incorporated in Lithuania with limited liability, legal entity code 126264360)

PROGRAMME FOR THE OFFERING OF BONDS OF AUGA GROUP AB IN THE AMOUNT OF UP TO EUR 60,000,000 AND ADMISSION THEREOF TO TRADING ON THE BALTIC BOND LIST OF NASDAQ VILNIUS AB

This Base Prospectus (the "**Base Prospectus**" or the "**Prospectus**") was prepared for the programme (the "**Programme**") for the offering of bonds (the "**Bonds**") of Auga group AB (the "**Company**" or "**Issuer**") in the amount of up to EUR 60,000,000 (the "**Offering**") and admission thereof (the "**Admission**") to trading on the Baltic Bond List of Nasdaq Vilnius AB ("**Nasdaq**" or "**Nasdaq Vilnius**").

This Base Prospectus should be read and constructed together with any supplements hereto (if any) and any other documents attached herein and, in relation to any tranche of Bonds issue (the "**Tranche**"), with the Final Terms of the relevant Tranche (the "**Final Terms**"), as applicable. The issue-specific summary shall be annexed to the Final Terms of each of the Tranche and shall be announced in the same order as the Prospectus and provided to the Lithuanian competent authority, the Bank of Lithuania (in Lithuanian: *Lietuvos bankas*, the "**Bank of Lithuania**") together with the Final Terms.

Neither this Base Prospectus, nor any Final Terms constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Furthermore, the distribution of this Base Prospectus and/or any Final Terms in certain jurisdictions may be restricted by law. Thus, persons in possession of this Base Prospectus and/or any Final Terms are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Bonds referred to herein 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, US persons (for more information please see Section 1.2 *Notice to Prospective Investors*).

The Bonds shall be offered, as specified in the Base Prospectus and the Final Terms, subject to possible cancellation or modification of the Offering and subject to certain other conditions.

This Base Prospectus has been prepared and the Final Terms will be prepared by the Company in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as may be amended from time to time (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980, as may be amended from time to time (the "**Delegated Regulation**") and the Law of the Republic of Lithuania on Securities, as amended (the "**Law on Securities**"). The Bank of Lithuania in its capacity as the competent authority in Lithuania under the Prospectus Regulation on 25 November 2019 has approved this document as a Base Prospectus and has notified the approval of the Prospectus to the Estonian Financial Supervision Authority (in Estonian: *Finantsinspektsioon*; the "**EFSA**").

The approval by the Bank of Lithuania of this Prospectus only means that it is meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Bonds that are the subject of this Prospectus. The investors have to make their own assessment as to the suitability of investing in the Bonds. Application has also been made to Nasdaq Vilnius for Bonds issued under the Programme to be admitted to trading on the Baltic Bond List of Nasdaq Vilnius.

The Base Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129.

The information contained herein is current as of the date of this Base Prospectus. Neither the delivery of this Base Prospectus, nor the offer, sale or delivery of the Bonds shall, under any circumstances, create any implication that no adverse changes have occurred nor events have happened, which may or could result in an adverse effect on the Company's or its Subsidiaries' (collectively the "**Group**") business, financial condition or results of operations and/or the market price of the Bonds. Nothing contained in this

Base Prospectus constitutes, or shall be relied upon as, a promise or representation by the Issuer or the Global Lead Manager as to the future.

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

All the Bonds of the Company (when issued) will be non-material registered bonds and will be registered with Lithuanian branch of Nasdaq CSD, SE ("**Nasdaq CSD**") (the merged central securities depository of Lithuania, Latvia and Estonia). When registering the Bonds of different Tranches, Nasdaq CSD will provide different ISIN to Bonds of different Tranches, unless it will be decided by Nasdaq CSD to provide the same ISIN to Bonds of different Tranches for any reason. Bondholders will be able to hold the Bonds through Nasdaq CSD participants, such as investment firms and custodian banks operating in any of the Baltic states.

LHV Pank (the "**Global Lead Manager**", the "**Bookrunner**" or the "**Arranger of the Programme**") is the lead manager in Lithuania and in Estonia for the purposes of Offering and Admission of the Bonds to trading on Nasdaq Vilnius.

Global Lead Manager, Bookrunner and Arranger of the Programme

LHV

The date of this Prospectus
25 November 2019

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I. IMPORTANT INFORMATION

Base Prospectus. This Base 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 Bonds. This Base Prospectus is a prospectus in the form of a single document within the meaning of the Prospectus Regulation and the Delegated Regulation. Given that the Issuer's Shares have already been admitted to trading on the regulated markets (Nasdaq Vilnius and WSE) continuously for a period longer than 18 months, under Article 14 of the Prospectus Regulation and Articles 9 and 17 of the Delegated Regulation, this Base Prospectus has been prepared as a simplified prospectus and in accordance with Annex 8 (Registration document for secondary issuances of non-equity securities) and Annex 14 (Securities note for retail non-equity securities) of the Delegated Regulation. A financial information of the summary of the Base Prospectus shall contain the key information set out in Commission Delegated Regulation EU 2019/979.

This Base Prospectus has been approved by the Bank of Lithuania, as competent authority under the Prospectus Regulation. The Bank of Lithuania only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of quality of the Bonds that are the subject of this Base Prospectus.

This Base Prospectus should be read and construed together with any supplement hereto (if any) and with any other documents attached herein and, in relation to any Tranche of Bonds, with the Final Terms of the relevant Tranche.

The validity of the Prospectus will expire 12 months after approval hereof (i.e. on 25 November 2020). The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a Prospectus is no longer valid.

Taking into consideration that this Prospectus contains several hyperlinks to websites, it is also noted that the information on such websites does not form part of the Prospectus and has not been scrutinised or approved by the Bank of Lithuania. This shall not apply to hyperlinks to information that is incorporated by reference to this Prospectus (please see Section 1.5 *Information Incorporated by Reference*).

1.1 Responsibility for this Prospectus

Persons Responsible. The person responsible for the information provided in this Prospectus is AUGA group AB, legal entity code 126264360, with the registered office at Konstitucijos ave. 21C, Vilnius, Lithuania. To the best of the knowledge of the Company and its General Manager Mr. Kęstutis Juščius the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Kęstutis Juščius
General Manager

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, which will be annexed to the Final Terms of each of the Tranche, 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 and the legal advisors to the Company and to the Global Lead Manager 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 or the legal advisors to the Company and to the Global Lead Manager will accept any responsibility for the information pertaining to the Offering and Admission, 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 and on the Group 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 EFSA. The supplement (if any) will be published in the same manner as the Prospectus.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

1.2 Notice to Prospective Investors

The distribution of this Base Prospectus, any Final Terms and the Offering of the Bonds in certain jurisdictions may be restricted by law. Any person residing outside the Republic of Lithuania and the Republic of Estonia may receive this Base Prospectus only within limits of applicable special provisions or restrictions.

The Issuer requires persons into whose possession this Base Prospectus or any Final Terms comes to inform themselves of and observe all such restrictions. This Base Prospectus and any Final Terms may not be distributed or published in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws, including the United States of America, Australia, Canada, Hong Kong and Japan. Neither this Base Prospectus nor any Final Terms constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Issuer, the Global Lead Manager or their representatives and/or legal advisers do not accept any legal responsibility whatsoever for any such violations, whether or not a prospective investor is aware of such restrictions.

In addition to that neither this Base Prospectus nor any Final Terms may be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Bonds offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this Base Prospectus are required to inform themselves about and to observe any such restrictions, including those set out in this Section. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

As a condition for the subscription/purchase of any Bonds in the Offering, each subscriber/purchaser will be deemed to have made, or in some cases be required to make, certain representations and warranties, which will be relied upon by the Company, the Global Lead Manager and others. The Company reserves the right, at its sole and absolute discretion, to reject any subscription/purchase of Bonds that the Company, the Global Lead Manager or any agents believe may give rise to a breach or a violation of any law, rule or regulation.

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

The Bonds have not been and will not be registered in accordance with the U.S. Securities Act of 1933 (the "**Securities Act**") or under the securities laws of any state of the United States of America and accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in or into the United States of America, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any securities laws of any state of the United States of America.

Unless specifically otherwise stated in this Base Prospectus, the Bonds may not be, directly or indirectly, offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws including the United States of America, except for the exceptions to registration obligation allowed by the securities laws of the United States of America and its states, Australia, Canada, Hong Kong and Japan. The Issuer and the Global Lead Manager require persons into whose possession this Base Prospectus or any Final Terms comes to inform them of and observe all such restrictions.

This Base Prospectus constitutes a prospectus within the meaning of the Prospectus Regulation, for the purpose of giving the information with regard to the Company and the Bonds it intends to offer pursuant to this Base 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 Base Prospectus has been prepared by the Company for use in connection with the Offering in the Republic of Lithuania and in the Republic of Estonia only and for the Admission. The Company and the Global Lead Manager reserve the right to reject any offer to purchase/subscribe the Bonds, in whole or in part, for any reason.

This Base Prospectus constitutes a Prospectus in the form of a single document within the meaning of Article 8(6) of the Prospectus Regulation. This Base 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 Base Prospectus. However, in relation to each member state of the EEA (except Republic of Lithuania and the Republic of Estonia), the Global Lead Manager has represented and agreed that it has not made and will not make any public offer of Bonds or admission thereof to trading on a regulated market in that Relevant Member State (other than Nasdaq Vilnius Bond List) prior to that Relevant Member State's competent authority receiving a certificate of approval of the Bank of Lithuania attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Base Prospectus, and the due publication of the Base Prospectus in accordance with that Relevant Member State's applicable rules.

Accordingly, any person making or intending to make an offer within the EEA of Bonds which are the subject of an Offering contemplated by the relevant Final Terms (other than the offer of Bonds in the Republic of Lithuania and in the Republic of Estonia) may only do so in circumstances in which no obligation arises for the Issuer or the Global Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

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 2018, 31 December 2017, and 31 December 2016 (the "**Consolidated Annual 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 interim financial statements for the six months period ended 30 June 2019 (the "**Consolidated Interim Financial Statements**") prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**").

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

The Consolidated Annual Financial Statements were audited by PricewaterhouseCoopers UAB, with its registered office in Vilnius, Lithuania (see Section 4.1 *Statutory Auditors*). The Consolidated Interim Financial Statements 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.

Changes in accounting standards. The Group has adopted IFRS 16 “Leases” from 1 January 2019 and has not restated comparatives for the reporting period ended as at 31 December 2018 or earlier periods, as permitted under the specific transitional provisions in the reporting standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised starting from 1 January 2019. On adoption of IFRS 16, the Group recognised right to use an asset and lease liability in relation to leases which had previously been classified as “operating leases” under the principles determined previously by IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. Consequently, comparability of Consolidated Interim Financial Statements data with financial data for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 is limited.

Dating of Information. This Prospectus is drawn up based on information which was valid on 30 June 2019. 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 30 June 2019, 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 (25 November 2019).

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.

Updates. The Company will update the information contained in this Prospectus only by approving and announcing the Supplements to the Prospectus, as is mandatory under applicable law. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus.

Third Party Information and Market Information. The information contained in the Base Prospectus has been provided by the Issuer and/or received from other sources identified herein. Thus, with respect to certain portions of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such other third parties, 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 Issuer. 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 Issuer’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 Issuer. Certain statements are based on the belief of the Issuer as well as assumptions made by and information currently available to the Issuer 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 Issuer'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 19 of the Prospectus Regulation:

- 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 (they may be accessed from the following hyperlink https://www.nasdaqbaltic.com/market/upload/reports/aug/2016_ar_en_eur_con_ias.pdf);
- 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 (they may be accessed from the following hyperlink https://www.nasdaqbaltic.com/market/upload/reports/aug/2017_ar_en_eur_con_ias.pdf);
- the Group's and the Company's audited consolidated and separate financial statements for the year ended 31 December 2018 together with the consolidated annual report and the independent auditor's report[1] (they may be accessed from the following hyperlink https://www.nasdaqbaltic.com/market/upload/reports/aug/2018_ar_en_eur_con_ias.pdf);
- the Group's unaudited consolidated financial information for the six months ended 30 June 2019 together with the consolidated interim report (they may be accessed from the following hyperlink https://www.nasdaqbaltic.com/market/upload/reports/aug/2019_q2_en_eur_con_ias.pdf);
- Articles of Association (they may be accessed from the following hyperlink https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=887602&messageId=1117217).

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 Consolidated Annual Financial Statements, Consolidated Interim Financial Statements and Articles of Association may also be inspected at the head office of the Company located at Konstitucijos ave. 21C,

[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.

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 inside information of the Company, requiring market disclosure, physical inspection of such documents will be arranged at the office of the Company 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 Bonds to trading on Nasdaq Vilnius.
"Agent" or "Collateral Agent"	Audifina UAB, a private limited liability company established and existing under the laws of the Republic of Lithuania, legal entity code 125921757, with its registered address at A. Juozapavičiaus str. 6, Vilnius, Lithuania, which under and in accordance with an agreement for representation of Bondholder's interests, which it had concluded with the Company, shall (a) represent the interests of Bondholders, and (b) shall act as Collateral Agent, if the Bonds of the respective Tranche shall be secured. The Issuer is also entitled to appoint a different Agent and/or Collateral Agent in respect of each separate Tranche. Other Agent and/or Collateral Agent appointed for the respective Tranche shall be specified in the Final Terms of the respective Tranche.
"Allotment Date"	Date on which the Bonds of each separate Tranche will be allocated to Investors.
"Articles of Association"	Articles of Association of the Company effective as at the date of this Prospectus.
"Bank of Lithuania"	The Bank of Lithuania (in Lithuanian: *Lietuvos bankas*) with its registered office in Vilnius, Lithuania. The Lithuanian financial supervision authority.
"Bonds"	Bonds of the Company in the aggregate amount of up to EUR 60,000,000, to be issued by the Company and offered to the Investors during the Offering under the terms and conditions of this Base Prospectus and subject to Final Terms. The Bonds may be issued and offered in different Tranches, and the Final Terms will be announced to each of the relevant Tranche.
"Bondholders"	Holders of the Bonds of the respective Tranche, issued by Company and acquired by the Investors based on this Prospectus.
"Bondholders' Meeting"	Meeting of the Bondholders of the Company of each of the Bond Tranche.
"Business Day"	A day on which banks in Vilnius are open for general business.
"Civil Code"	Civil Code of the Republic of Lithuania.
"Company" or "Issuer"	AUGA group AB – a public limited liability company organized and existing under the laws of the Republic of Lithuania, legal entity 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 of the Republic of Lithuania.
"Consolidated Annual Financial Statements"	The Group's and Company's audited consolidated and separate financial statements for the years ended 31 December 2018, 31 December 2017, and 31 December 2016.
"Consolidated Interim Financial Statements"	The Group's unaudited consolidated interim financial statements for the six months period ended 30 June 2019, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".
"Conventional"	Products or farming methods which are certified as organic or nececessary to observe to be so certified.
"Delegated Regulation"	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019

	supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.
"EEA"	European Economic Area.
"EU"	European Union.
"EUR", €, "euro"	The lawful currency of the European Union Member States that have adopted the single currency, including Lithuania.
"Events of Default"	Shall have the meaning assigned to in Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading*.
"Final Terms"	The final terms of the relevant Tranche of the Bonds.
"General Meeting"	General Meeting of Shareholders of the Company, the supreme body of the Company.
"General Terms and Conditions"	General Terms and Conditions, applicable to all the Bonds to be issued in each of the respective Tranches, as indicated in Sections 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading* and 5.4 *Terms and Conditions of the Offer*.
"Global Lead Manager, Bookrunner and Arranger of the Programme "	LHV Pank AS, a bank registered as a public limited company in Estonia, registered in the Estonian Commercial Register under legal entity code 10539549, registered address Tartu mnt 2, 10145 Tallinn, Estonia.
"Green Bond Certification"	A process, whereby the second opinions are issued, based on independent, research-based evaluations of green bond investment frameworks to determine their environmental robustness, confirming that the respective Bonds are in line with the stated definition of green bonds within the International Capital Market Association Green Bond Principles[2].
"Group"	The Company together with all its Subsidiaries.
"Group Company"	Any direct or indirect Subsidiary of the Company (the abbreviation "Group Companies" describes all direct or indirect Subsidiaries of the Company).
"IFRS"	International Financial Reporting Standards as adopted by the EU.
"Institutional Investors"	Qualified investors as defined in article 2(e) of the Prospectus Regulation.
"Investors"	Individuals, corporate entities (legal persons) and non-corporate entities, being either the Retail of Institutional Investors, who intend to subscribe/purchase Bonds in the Offering.
"Issue Date"	The issue date of each Tranche of Bonds.
"Issue Price"	The issue price of each Tranche of Bonds which will be determined in accordance with the terms and conditions of the Offering and specified in the Final Terms.
"Key Executives" or "Management"	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 Companies"	Law on Companies of the Republic of Lithuania.
"Law on Markets in Financial Instruments"	Law on Markets in Financial Instruments of the Republic of Lithuania.
"Law on Protection of Interests of Bondholders"	Law of the Republic of Lithuania on Protection of Interests of Bondholders of Public Limited Liability Companies and Private Limited Liability Companies.
"Law on Securities"	Law on Securities of the Republic of Lithuania.
"Major Shareholders"	The Company's shareholders holding more than 5% of the authorised capital of the Company; details of the major shareholders on the Prospectus date are provided in Section 4.7 *Major Shareholders*.
"Manager" or "CEO"	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.
"Maturity Date"	The date specified in the Final Terms on which the Bonds of the respective

[2] https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/. Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects.

	Tranche shall be repaid in full at their nominal amount.
"Member State"	A Member State of the European Economic Area.
"Nasdaq Vilnius" or "Nasdaq"	Nasdaq Vilnius AB – Vilnius Stock Exchange, a public limited liability company organized and existing under the laws of the Republic of Lithuania, legal entity 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 of the Republic of Lithuania.
"Nasdaq CSD"	Lithuanian branch of Nasdaq CSD SE (*Societas Europaea*), the merged central securities depository of Lithuania, Latvia and Estonia, the clearing and settlement institution of these Baltic countries, legal entity code 304602060, registered at the address Konstitucijos ave. 29-1, Vilnius, Lithuania.
"Offering" or "Programme"	The offering programme of the Bonds based on this Base Prospectus and each Final Terms, prepared and announced in compliance with this Base Prospectus.
"Placement Agreement"	The agreement concluded on 25 November 2019 between the Company and the Global Lead Manager related to the Offering and Admission.
"Prospectus" or "Base 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 Regulation"	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
"Regulation S"	Regulation S under the U.S. Securities Act.
"Related Parties"	As defined in International Accounting Standard, 24 *Related Party Disclosures*.
"Retail Investors"	Individuals, corporate entities (legal persons) and non-corporate entities, not being the Institutional Investors, who intend to subscribe/purchase Bonds in the Offering.
"Section"	A section of this Prospectus.
"Settlement Date"	The date of settlement of payments by the Investors for the Bonds of the respective Tranche.
"Shares"	Any ordinary registered shares of the Company with the nominal value of EUR 0.29 each issued and outstanding at any time.
"Subscription Orders" or "Subscriptions"	Orders of the Investors to subscribe and acquire the Bonds.
"Subscription Period" or "Offering Period"	The period during which the Investors will be allowed to submit the Subscription Orders for the subscription of the Bonds in accordance with the terms and conditions of this Base Prospectus and each Final Terms.
"Subsidiaries"	Subsidiaries of the Issuer, indicated in the Consolidated Interim Financial Statements, incorporated by reference to this Prospectus.
"Summary"	The summary of this Prospectus, which will be annexed to the Final Terms of each of the Tranche.
"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: *Giełda Papierów Wartościowych w Warszawie S.A.*), a regulated market in Poland.

1.7 Use of this Base Prospectus

This Base Prospectus is prepared solely for the purposes of the Offering and the Admission; it may not be construed as a warranty or a representation to any person not participating or not eligible to participate in the Offering or trade in the Bonds. No public offering of the Bonds is conducted in any jurisdiction other than Republic of Lithuania and the Republic of Estonia and consequently the dissemination of this Base Prospectus in other countries may be restricted or prohibited by law. The Base Prospectus cannot be used for any purpose other than for informational. Prior to making a decision to participate or refrain from participating in the Offering or to conduct any trading activities with the Bonds on Nasdaq Vilnius the prospective Investors should read this document. In making an investment decision, prospective Investors must rely upon their own examination of the Company and the terms of this document, including the risks involved. It is forbidden to copy, reproduce (other than for private and non-commercial use) or disseminate this Base Prospectus without express written permission from the Company.

II. A GENERAL DESCRIPTION OF THE BOND PROGRAMME

As indicated in this Base Prospectus, it is designated to (i) Bond issue Programme for the Offering of Bonds of the Company in the amount of up to EUR 60,000,000 and (ii) Admission thereof to trading on the Baltic Bond List of Nasdaq Vilnius.

Following requirements of the applicable law and the Articles of Association, the Programme shall be executed based on the decision of the Management Board, dated 22 November 2019. The decisions of the Management Board by which each Tranche of the Bonds shall be issued shall be specified in the Final Terms.

Under the Programme, the Issuer may issue Bonds up to an aggregate principal amount of EUR 60,000,000. The Bonds shall be issued and offered in tranches (the “Tranches”, individually the “Tranche”). The terms and conditions of each Tranche shall consist of (i) the General Terms and Conditions of Bonds which are identified in Sections 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading* and 5.4 *Terms and Conditions of the Offer* and which shall apply to each Tranche and (ii) the Final Terms.

Thus, the Bonds of each of the Tranches will generally be subject to similar main terms, except that the following may differ, as specified in the respective Final Terms of the respective Tranche:

(a) the Issue Dates, nominal values of Bonds, Issue Prices of Bonds, Maturity Dates and annual interest rates;
(b) ranking of the Bonds and provision of collaterals (i.e. whether collaterals will rank *pari passu* with all other unsecured financial debt of the Issuer, or whether it shall be secured and will thus have priority in respect of the collateral);
(c) financial and other covenants, events of default.

The aggregate principal amount of Bonds of each of the Tranches shall be specified in the Final Terms. The Issuer may decrease the aggregate principal amount of a Tranche as set out in the Final Terms during the Subscription Period of that Tranche.

The Bonds under the Programme may be issued during the term of validity of the Prospectus, i.e. 12 months after approval of the Prospectus. When this term adjourns and if there is need to issue any additional bonds by the Issuer, the respective corporate decisions would be taken and the new prospectus would be drafted and provided for approval with the Bank of Lithuania.

Each Tranche of Bonds under the Programme will be of fixed and middle term and may have a maturity between 1 (one) and 5 (five) years or such other maturity as the Issuer decides, but in any case not shorter than 12 (twelve) months. They will also be with a fixed interest rate.

The Bonds under the Programme shall be issued in non-material registered form. According to the Law on Markets in Financial Instruments the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be admitted to trading on the regulated market (Nasdaq Vilnius), shall be made by Nasdaq CSD.

The Bonds of the respective Tranche shall be valid from the date of their registration until the date of their redemption and deletion from Nasdaq CSD. No physical certificates will be issued to the investors. Principal and interest accrued will be credited to the Bondholders’ accounts through Nasdaq CSD.

Neither the Issuer, nor the Bonds shall be assigned with the credit ratings as a result of the Offering under the Programme.

For more information regarding the Bonds to be issued under the Programme please see Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading*. For more information regarding the use of proceeds, received from issue of Bonds under the Programme please see Section 5.2 *Use of Proceeds*. For more information regarding Offering of Bonds under the Programme please see Section 5.4 *Terms and Conditions of the Offer*.

III. RISK FACTORS

Before investing in the Bonds, 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 Bonds and/or the Company's ability to perform its payment obligations under the Bonds. Before purchasing the Bonds, 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 Bonds. 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.

The Issuer believes that the factors decribed below may affect its ability to fulfil its obligations under the Bonds issued under the Programme. All of these factors are contingencies which may or may not occur. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, presented in the order of their materiality and possibility of their occurrence as currently seen by the Issuer based on the information available to it to date and its reasonable opinion. However, the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons which currently may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate or which currently, even if potentially possible to anticipate, do not seem material to the Issuer. Prospective Investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

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 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 Bonds and, consequently, Investors who purchase the Bonds could lose a part or all of their investment.

3.1 Group Specific Risk Factors

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 2018, the aggregate debt of the Group amounted to EUR 55,862 thousand (31 December 2017: EUR 43,591 thousand, 31 December 2016: EUR 31,990 thousand). As of 6 months ended 30 June 2019, the aggregate debt of the Group (eliminating leasing liabilities related to IFRS 16 adoption) amounted to EUR 56,995 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 competititive advantages in the future.

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

As of 31 December 2018, long-term tangible property in the value of EUR 70,284 thousand (31 December 2017: EUR 66,863 thousand, 31 December 2016: EUR 52,980 thousand) has been mortgaged for the benefit of banks in order to secure the debt. Whereas as of 30 June 2019 the long-term tangible property value was EUR 72,387 thousand (unaudited). Total amount of assets pledged (including long-term tangible property) for borrowings amount to approximately 80% of the Group's total assets as at 30 June 2019 and approximately

88% as at 31 December 2018. 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 uses short-term credit line facilities to finance working capital. As of 31 December 2018, the Goup's short-term credit line borrowing amounted to EUR 21,270 thousand (2017: EUR 13,607 thousand, 2016: EUR 5,350 thousand). As at 30 June 2019, the Goup's short-term credit line borrowing amounted to EUR 25,000 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 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) credit line agreements for the Company (please see risk *The Group uses short-term credit line facilities to finance working capital*), syndicated loan agreement for Baltic Champs UAB and credit agreements for KTG Agrar UAB have 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) other credit agreements also have a cross default clause, yet in a much narrower scope (see Section 4.9 *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).

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.

A considerable number of the Group Companies (as enterprises and/or their securities), as well as assets of the Group Companies are pledged/mortgaged. 22 Group Companies out of 136 Group Companies 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). 20 of those Group Companies are pledged more than once.

Also, parts / shares in the 45 Group Companies are pledged or provided as collateral under financial collateral arrangement (without transfer of title). The percentage of parts/shares owned by the respective Group Companies makes up from 97.49% to 100%.

In addition, most material assets of the Group Companies (land plots, buildings, equipment, lease rights, bank accounts) are also mortgaged/pledged in favour of the creditors to secure undertakings of the Group Companies.

In case obligations secured by the pledge will not be fulfilled, pledged shares, the enterprises and/or respective assets could be taken over by the creditor(s) of the Group Companies.

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 2018 total Group borrowings at variable rates amounted to EUR 40.4 million (2017: EUR 32.3 million, 2016: EUR 21.5 million). Whereas, as of 30 June 2019 the total Group borrowings at variable rates amounted to EUR 41.5

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, then if floating rate interest (influenced by EURIBOR) changed by 1 percentage point, the annual effect on the Group would amount to EUR 374 thousand on 31 December 2018 (2017: EUR 324 thousand, 2016: EUR 215 thousand). As of 6 months ending 30 June 2019 the annual amount would be EUR 382 thousand before taxes (unaudited).

The payments under the Group's land lease agreements may increase. As of 30 June 2019, the Group leased around 35 thousand hectares of agricultural land out of 38.6 thousand hectares of cultivated land (the remaining 3.5 thousand hectares of agricultural land are owned by the Group Companies). 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. The lease price is renegotiated each time when lease contract is prolonged. Long term trend is that average rent prices are increasing.

Lease term for a significant area may expire within the period of 3 years. The Group Companies lease many land plots under a significant number of agreements. Under a significant number of existing lease agreements, the contractual lease terms for the area arround 33% of the total area cultivated by the Group Companies will expire during the period until 31 December 2022. The Group Companies usually enjoy either pre-emptive right to conclude a new lease contract on the same conditions as other parties (potential tenants) or in certain cases contractual rights to extend the lease term. Extension of existing and concluding of new lease agreements is an ongoing process. The Group has a Land Management Department working on these matters on continuous basis to ensure that extensions are signed with sufficient time reserve.

The Group Companies have overdue payments to their suppliers. The Group Companies had overdue payments to their suppliers in the total amount of EUR 2.10 million as of 30 June 2019.

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, no judicial or similar proceedings has been initiated by the respective creditors in relation to such overdue debts..

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 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 2018 was approx. EUR 17 million (net amount). Total turnover of transactions on sale of goods and services between the Group Companies amounted to EUR 40,366 thousand in 2018, whereas the remaining transactions on sale of goods and services with third parties amounted EUR 54,749 thousand in 2018.

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 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.

Furthermore, until year 2017 – 2018 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 investigation regarding acquisition and holding of agricultural land. The Law of the Republic of Lithuania on Acquisition of Agricultural Land (wording valid as from 1 January 2014) sets forth that a single person or a group of associated persons may acquire into ownership the maximum area of agricultural land of 500 ha. 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.

The Group Companies own more than 3.5 thousand ha of agricultural land, which forms approximately 10% of all land cultivated by the Group Companies. 4% of total cultivated land was acquired by the Group Companies after 1 January 2014 (i.e. after the above mentioned restrictions entered into effect). In general, the Group Companies follow legal requirements for acquisition of agricultural land.

As part of the ongoing investigation on acquisition of agricultural land performed by the Division of Protection of the Public Interest within the General Prosecutor's Office of the Republic of Lithuania started on the basis of a third party complaint, the Group Companies received couple inquiries from the General Prosecutor's Office in relation to acquisition of the agricultural land after 1 January 2014. No suspicions or accusations have been filed to the Company.

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, where the state executed such obligation, have been announced.

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 Issuer 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.

3.2 Industry Specific Risk Factors

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. The Group does not insure any of its crop fields and has no insurance coverage for such damage. Any damage arising due to adverse climatic conditions may negatively affect the Issuer's financial situation, business and results.

For instance, unfavourable weather conditions in 2017/2018 season had significant negative impact on crop-growing segment and overall financial results of the Group. The yields of most crops suffered thus resulting in significant losses (loss on revaluation of agricultural produce at point of harvest amounted to EUR 3,449 thousand in 2018) in the crop growing segment. Dairy segment results were negatively impacted as well due to bad grass feed quality and high production costs per tonne of prepared feed.

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.

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.

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. 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.

In 2018 the Group received in total EUR 9,780 thousand subsidies (EUR 5,677 thousand direct subsidies, EUR 3,405 thousand organic farming subsidies and EUR 698 thousand subsidies for animal herd), which constitutes significant amount of Group's cost of sales which amounted to EUR 45,824 thousand in 2018 and removing at least part of the amount would have material impact to financial results of the Group.

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 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.

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.

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.

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.

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 / legume crops and raw milk to their customers. Most of the agreements on milk and grain / legume crops 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.

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 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, end-consumer packaged goods, 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, despite the insurance obtained by the Group Companies, 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.

3.3 Risk Factors Related to the Bonds

3.3.1 General

The Bonds may be not as suitable investment for all investors. Each potential Investor in the Bonds must determine the suitability of that investment in light of its own circumstances. Retail Investors should consult with their investment adviser or broker with respect to this issue. In particular, each potential Investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Base Prospectus or any applicable supplement (if any) and the Final Terms;
(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
(d) understand thoroughly the terms of the Bonds; and
(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential Investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds.

An active secondary market for the Bonds may not develop. The Bonds constitute a new issue of securities by the Issuer. Prior to Admission to trading on the regulated market, there is no public market for the Bonds. Although application(s) will be made for the Bonds to be admitted to trading on Nasdaq Vilnius, there is no assurance that such application(s) will be accepted and the Bonds will be admitted to trading. In addition, Admission to trading of the Bonds on a regulated market will not guarantee that a liquid public market for the Bonds will develop or, if such market develops, that it will be maintained, and neither the Issuer, nor the Global Lead Manager is under any obligation to maintain such market. If an active market for the Bonds does not develop or is not maintained, it may result in a material decline in the market price of the Bonds, and the liquidity of the Bonds may be adversely affected. In addition, the liquidity and the market price of the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and the prospects of the Issuer, as well as many other factors that generally influence the market price for securities. Accordingly, due to such factors the Bonds may trade at a discount to the price at which the Bondholders purchased/subscribed to the Bonds. Therefore, investors may not be able to sell their Bonds at all or at a price that will provide them with a yield comparable to similar financial instruments that are traded on a developed and functioning secondary market. Further, if additional and competing financial instruments are introduced on the markets, this may also result in a material decline in the market price and value of the Bonds.

Credit risk. Any person who purchases/subscribes the Bonds is relying on the creditworthiness of the Issuer and has no rights against any other person. Bondholders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Bonds. The worse the creditworthiness of the Issuer, the higher the risk of loss. A materialization of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments.

In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Bonds when they fall due actually has not decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of such opinion, if market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the industries sector adversely change. If any of these risks occur, third parties would only be willing to purchase Bonds for a lower price than before the materialisation of said risk. The market value of the Bonds may therefore decrease.

Interest rate risk. If interest rates in general or particularly with regard to obligations of corporate debtors or corporate debtors with activities in the industries sector for durations equal to the remaining term of the Bonds increase, the market value of the Bonds may decrease. The longer the remaining term of a debt instrument, the stronger is its market value affected by changes of the interest rate level. There are further factors which may affect the market value of the Bonds, including, but not limited to global or national economic factors and crises in the global or national financial or corporate sector. Bondholders should be aware that movements of market interest rates can adversely affect the market price of the Bonds and can lead to losses for the Bondholders, if they sell their Bonds prior to maturity.

Early redemption risk. The Bonds of a particular Tranche may be redeemed prior to their Maturity Date (call option) on the initiative of the Issuer, which has the right to redeem all of the outstanding Bonds in a Tranche prior to the Maturity Date. For more information please see Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading*. If this early redemption right is exercised by the Issuer, the rate of return from an investment into the Bonds may be lower than initially anticipated.

Fluctuations in exchange rates and interest rates may adversely affect the value of the Bonds. The Issuer will pay principal and interest on the Bonds in EUR. This presents certain risks relating to currency conversions, if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of EUR or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease the Investor's Currency equivalent: (i) yield on the Bonds; (ii) value of the principal payable on the Bonds; and (iii) market value of the Bonds.

Taxation of Bonds. Potential purchasers/subscribers and sellers of the Bonds have to be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Bonds. Potential investors are advised not to rely solely on the tax summary contained in this Prospectus (Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading*) but to also ask for their own tax advisers' advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor.

Transaction costs/charges. When the Bonds are purchased/subscribed or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase/issue or sale price of the Bonds. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Bondholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). These incidental costs may significantly reduce or eliminate any profit from holding the Bonds.

Possibility to forfeit interest and principle amount invested. Should the Issuer become insolvent, legal protection proceedings or out-of-court legal protection proceedings of the Issuer are initiated during the term of the Bonds, an investor may forfeit interest payable on, and the principle amount of, the Bonds in whole or in part. An investor is always solely responsible for the economic consequences of its investment decisions.

In case the collateral shall not be established with respect to certain Tranches of Bonds, such Bonds and coupons relating to them shall constitute direct, unsecured and unguaranteed obligations of the Issuer, ranking *pari passu* without any preference among each other and with all unsecured, unguaranteed and unsubordinated indebtednesses of the Issuer, save for such obligations as indicated hereof and as may be preferred by mandatory provisions of the law.

In case the collateral shall be established with respect to certain Tranches of Bonds, such Bonds and coupons relating to them shall constitute senior secured obligations of the Issuer and shall rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under such Bonds and coupons relating to them, in as much as such payment obligations have not been settled in due time and from the value of the established collateral, shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer.

No guarantee or security. Certain Tranches of the Bonds issued under the Programme may be secured by collateral provided by the Issuer and/or Group Companies in favour of the Bondholders of the respective Tranche. Apart from this collateral (if applicable to respective Tranche of Bonds), the Bonds will not be obligations of anyone other than the Issuer and they will not be guaranteed. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Bonds.

Refinancing risk. The Issuer may be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt is dependent on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. The Issuer´s inability to refinance its debt obligations on favourable terms, or at all, could have a negative impact on the Group's operations, financial condition, earnings and on the Bondholders' recovery under the Bonds.

The Bonds of separate Tranches may contain covenants governing the Issuer's operations, however, if established with respect to separate Tranche, they not necessary limit the Company's ability to effect all the possible significant transactions that may have a material adverse effect on the Bonds and the Bondholders. Depending on the Final Terms of separate Tranches of Bonds, they may contain several provisions designed to protect the Bondholders from a reduction in the creditworthiness of the Issuer. For more information please see Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading*. However, there may be no guarantee that for all the Tranches of Bonds the same covenants shall be established (if established at all). In addition, generally none of the covenants, which the Company may undertake to follow, may to its full extent guarantee that the creditworthiness of the Issuer will not be reduced.

Amendments to the Bonds bind all Bondholders of the respective Tranche. The Law on Protection of Interests of Bondholders requires and the General Terms and Conditions of the Bonds (Sections 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading and* and 5.4 *Terms and Conditions of the Offer*) contain provisions for calling Bondholders' Meetings to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders of the respective Tranche (issue), including Bondholders who did not attend and vote at the relevant Bondholders' Meetings and/or those who voted in a manner contrary to the majority. This may incur financial losses, among other things, to all Bondholders of the respective Tranche (issue), including such Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

No limitation on issuing additional debt. The Issuer is not prohibited from issuing further debt as long as the Interest Coverage Ratio (ICR) and/or Consolidated Equity to Assets ratio and/or Collateral Coverage Ratio (CCR) (in case the Bonds of the respective Tranche are secured and in case all or part of these ratios are established for the respective Tranche of Bonds), indicated in Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading* or in Final Terms of the respective Tranche of Bonds are fulfilled. If the Issuer incurs significant additional debt ranking equally with the Bonds, it will increase the number of claims that would be entitled to share rateably with the Bondholders in any proceeds distributed in connection with an insolvency of the Issuer (except for the Tranches of Bonds, which will be secured with collateral, as they will have a priority in respect of collateral also in case of insolvency of the Issuer; and the above risk will only be applicable to the possible amounts which will not be covered from the established collateral (if any)). Furthermore, any provision which confers, purports to confer, or waives a right to create security interest in favour of third parties, such as a negative pledge, is ineffective against third parties since: (i) it is a question of a contractual arrangement only being binding upon the parties to such contractual arrangement; (ii) there is no specific legislation in Lithuania providing beneficiaries of negative pledge undertakings or covenants with a preferred position vis-a-vis the claims of third parties; and (iii) no registry or public record exists in Lithuania through which negative pledge undertakings or covenants could be filed to obtain a preferred position. Should the Issuer breach its obligations under such undertakings and covenants and create a security interest in favour of a third party, such third party would obtain a valid and enforceable security interest over the pledged asset.

3.3.2 Collateral Related Risks (relevant for secured Tranches of Bonds only)

Risks relating to collateral. Certain Tranches of the Bonds may be secured by providing in favour of Bondholders of the respective Tranche, certain assets of the Issuer and/or other Group Companies. For more information please see Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading*. Even if the Company's obligations towards the Bondholders under the Bonds of such Tranches will be secured, it is not certain that the proceeds of any enforcement sale of the security assets would be sufficient to satisfy all amounts owed to the Bondholders of that Tranche.

Furthermore, the Bondholders will be represented by the Collateral Agent in all matters, relating to the collateral (if applicable in case of particular Tranche of Bonds). There is a risk that the Collateral Agent or anyone, appointed by it does not properly fulfill its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the collateral.

Risk relating to enforcement of the collateral. There is a risk that the Bondholders will not recover the full value (or any value in the case of an enforcement sale) of the assets mortgaged, as a result of a risk that the value of the secured assets will decline over time and/or as a result of collateral provider becoming subject to bankruptcy, insolvency or similar proceedings.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, the Bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.

3.4 Legal and Taxation Risk Factors

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.

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. In the dispute regarding trademark for words AUGA CO, EUIPO has satisfied the opposition claim, however, the Company has appealed the decision of EUIPO. Should any of the disputes be lost, the relevant trademark 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, as well as claim for damages incurred due to unlawful use of the trademarks. The words AUGA CO are not actually used by the Company. Therefore, the actual risk only concerns the restriction for and legitimacy of the use of AUGA graphic logo in Lithuania.

Possible uncertainties related to application of EU's General Data Protection Regulation (the "GDPR"). The Group Companies' have adopted internal rules and implemented procedures related to data processing operations necessary to comply with GDPR. Notwithstanding, due to complexity and novelty of regulation and lack of relevant supervisory authority practice / court case law, certain regulatory aspects are subject to various interpretations. Such uncertainties in legal framework, as well as possible human errors pose the Group Companies to face a certain risk of being not fully compliant with GDPR and potentially subject to sanctions. However, the risk of such non-compliance and sanctions is greatly reduced considering the level of GDPR compliance achieved by the Group Companies, the limited scope of personal data processed by the Group Companies, and the fact that personal data processing is not among the core activities of the Group.

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 Issuer 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. Starting year 2020 fiscal periods will remain open to review by the authorities in respect of taxes for three calendar years after the year of review as a general rule, and for five and ten years in particular cases set forth by Lithuanian tax legislation. The Issuer 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 Issuer at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by the Issuer 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 Issuer's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Litigation risks. In the course of their ordinary business operations, the Group Companies might be involved in several court and official proceedings, as plaintiffs or defendants, the outcome of which cannot currently be predicted with any certainty. The Group Companies may be required under a court order or settlement agreement to pay considerable amounts, which may also exceed any provisions set up for this purpose. In addition to these amounts, the legal costs incurred by the Group and in some cases of its opponent would also have to be borne. This could have a material adverse effect on the net assets, financial position and financial performance of the Group.

Please see Secttion 4.8.4 *Legal and Arbitration Proceedings* for more information regarding the legal proceedings, in which the Group Companies are involved.

IV. INFORMATION ABOUT THE ISSUER

4.1 Statutory Auditors

The Consolidated Annual Financial Statements for the years ended 31 December 2018, 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 2018, 2017 and 2016 was executed by auditor Mr. Rimvydas Jogėla, auditor's licence No. 000457.

4.2 Information about the Group and the Issuer

Table 1: 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
LEI	48510000P2S3LHJPX414
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 The information on the website does not form part of the Prospectus, unless certain of this information is incorporated by reference into the Prospectus (please see Section 1.5 *Information Incorporated by Reference*)

Source: the Company

4.3 Business Overview

As of the date of this Prospectus the consolidated Group consisted of the controlling company AUGA group AB (the "Issuer" or the "Company") and 136 Subsidiaries. As at 30 June 2019 the consolidated Group consisted of the Company and 134 Subsidiaries the full list of which is provided in the Consolidated Interim Financial Statements, incorporated by reference in this Prospectus. After the publication of the Consolidated Interim Financial Statements two additional Subsidiaries were included into the Group – Tėvynės žemelė UAB and Tėviškės žemelė UAB. The latter Subsidiary owns land portfolio which was previously consolidated to the Group's consolidated balance sheet on the basis of land repurchase agreement. Tėvynės žemelė UAB is the sole shareholder of Tėviškės žemelė UAB and does not hold any other significant assets except shares of this Subsidiary.

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.

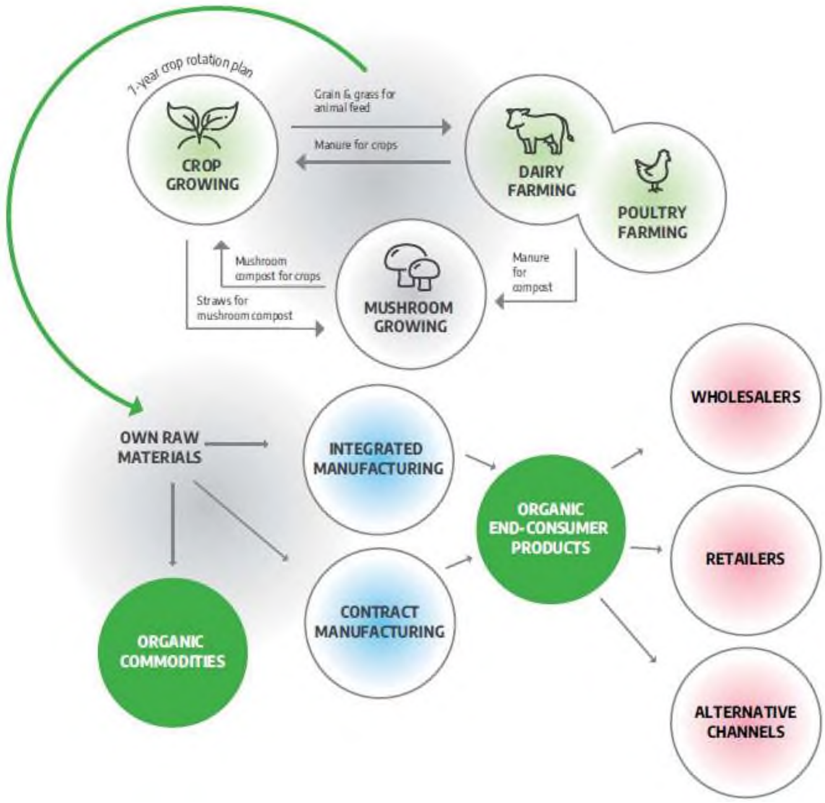
In 2016, the Group presented a new brand AUGA. The Company was re-named AUGA group. The Group defined its new vision to produce affordable organic food in the most sustainable way.

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 Group is one of the largest primary agricultural production producers in Lithuania. With 38.6 thousand ha cultivated land and around 6.5 thousand milking cows and heifers herd, 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.

As it was mentioned, since 2015 the Group has shifted towards an integrated sustainable farming model. The Group is using synergies among different branches of agriculture efficiently with an end-goal of a fully-functioning circular economy model. Such model facilitates more efficient use of existing resources, where the inputs for each branch of agriculture are found in the other business segment deliverables or waste of processes in the loop. It also ensures full traceability in organic production and the indirect reduction of the GHG footprint to nature[3].

Group's business model



Source: the Company

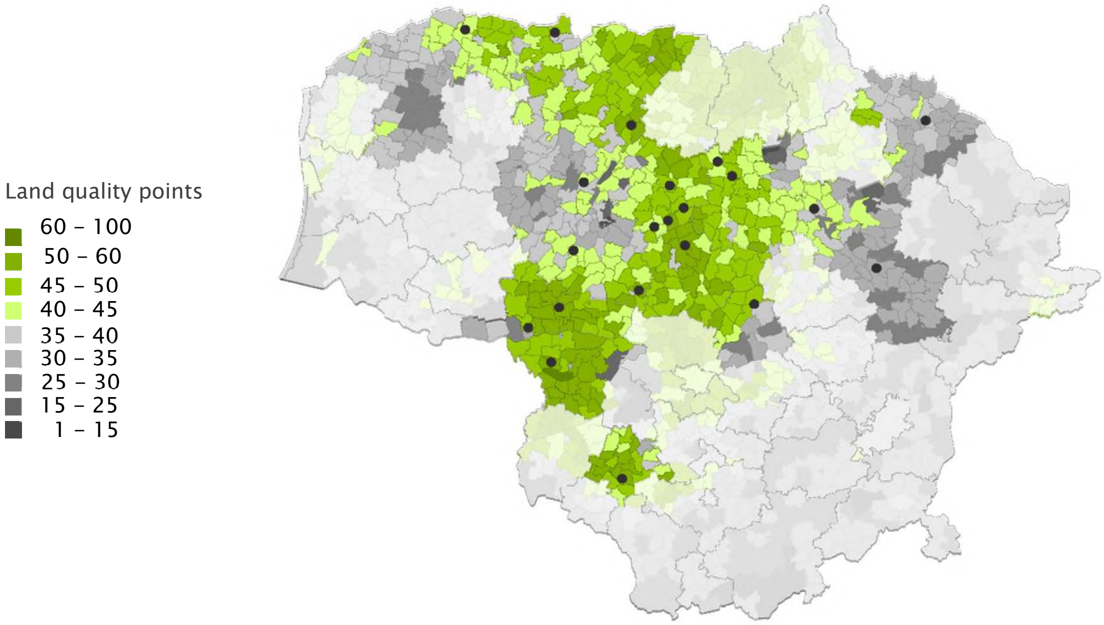
The Group is implementing sustainable organic agriculture practices via the use of the latest eco-friendly machinery and min-till technology, currently applied to 85% of the total cultivated land. Rather than applying

[3] AUGA group's closed-loop organic farming model ant its positive impact on the environment is explained in detail in Sustainability report 2017 (http://auga.lt/en/for-auga-investors/sustainability-report/#tabs).

traditional ploughing techniques, min-till approach involves disturbing only the first 5-7 cm of soil, which results in preservation of soil from erosion, saving biodiversity and reduction of fuel consumption, i.e. lower GHG emissions. The use of advanced machinery is viable due to Company's economies of scale when compared to the typically smaller areas of land to be cultivated using organic principles.

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

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



Land quality points map of Lithuania from highest (dark green) down to lowest (dark grey). Black spots indicate locations of farms of the Group.
Source: the Company

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 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. 9.1% of land is owned and the rest is managed based on long term lease agreements. The Group rents the land from 2.7 thousand individuals and companies which allows to significantly reduce the risks of losing the land rent. All land rent contracts are registered in the Real Property Registrer of the Republic of Lithuania, 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 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.

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[4], USDA[5], BRC[6], Kosher[7] and Global GAP[8] labels. The main areas of activity of the Group are mushroom growing, crop growing and production of raw milk. The Group also expands its activity in end-consumer packaged goods segment in recent years.

The size of the Group 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 Group to create from scratch its marketing, end consumer product development and sales department. The Group also starts various projects in other areas such as poultry, biogas extraction, combined feed production etc. where it has 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.

Wide range of products grown and produced allows the Company to offer a variety of final consumer products, such as ready to eat soups and other preserved products, eggs, poultry, vegetables, mushrooms, dairy products, flour, etc. The Group 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.

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.

Over the last few years, through Research & Development, experienced and skilled management, and a unique company know-how and operational set-up, the Group managed to achieve efficiency by utilizing scale of operations, synergies among different agricultural sectors and, by applying latest scientific

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[4] EU Organic certificate is a proof that all operations are done according EU organic regulation (EEC) No. 834/2007 of 28 June 2007.

[5] USDA certificate is a proof that all products have been produced according to USDA organic regulations (USA), which define standards that "integrate cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity."

[6] BRC The BRC Global Standard for Food Safety is a product and process certification standard known for compliance to industry best practices. BRC certification is an internationally recognized mark of food safety and quality. Certification is achieved by undertaking a third-party audit against Standard requirements by an accredited certification body (CB).

[7] Kosher Kosher foods are those that conform to the Jewish dietary regulations of kashrut (dietary law), primarily derived from Leviticus and Deuteronomy.

[8] Global GAP GLOBALG.A.P. is a farm assurance program, translating consumer requirements into Good Agricultural Practice. The standard was developed using the Hazard Analysis and Critical Control Points (HACCP) guidelines published by the United Nations Food and Agriculture Organization, and is governed according to the ISO Guide 65 for certifications schemes.

knowledge, improved major production processes. As a result, unique sustainable farming platform was created which form the basis for long term competitiveness of Group's business model. For more information about Group's business model see the Company´s Sustainability Report for 2018, which is included as Annex 2 to the Consolidated Annual Financial Statements for the same year, incorporated by reference to this Prospectus.

Principal Activities

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 organic milk production and cattle raising, and generated between 16.4% to 18.5% of total Group´s revenues during 2016-2018. Dairy segment activities are vital for the Group activity, as it consumes forage crops produced by crop growing segment due to crop rotation and organic farming requirements and by-products of dairy segment, such as manure, are used as fertilizers, etc.. Revenues from production of milk and cattle-meat in 2018 amounted to EUR 8,954 thousand. During the first 6 months of 2019, the segment generated revenues of EUR 5,206 thousand.

2. **Crop-growing.** Crop growing includes growing of cash crops such as wheat, legumes, rapeseed, sugar beets, oat, barley as well as forage crops, including grasses and corn for feed. Winter and summer wheat, legumes, rapeseeds and sugar beets 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 2018 the Group's revenues from crop growing amounted to EUR 17,475 thousand, relative to EUR 14,203 thousand in 2017 (23% increase). While this segment generated 32% of the Group's revenues, it generated equivalent to nearly 118%[9] of the Group's gross profit in 2018. It is important to notice that crop-growing results for 2018 was significantly negatively impacted by unfavourable weather conditions during 2017/2018 season, especially the summer of 2018 was arid. During the first 6 months of 2019, the segment generated revenues of EUR 8,780 thousand.

3. **Mushroom growing.** In 2018 sales of mushroom growing segment generated EUR 26,456 thousand in revenues, compared to EUR 24,432 thousand in 2017. Over 12.15 thousand tonnes of fresh mushrooms were sold during this period. From 2016 to 2018 revenues of mushrooms growing segment have shown moderate growth – even though in 2017 the revenues decreased due to temporary production problems in the first quarter of 2017 while in 2018 it grew by 8%. 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 7% of the total Group's mushrooms sales for 2018 (2017: 5%), 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 6 months of 2019, the segment generated revenues of EUR 13,803 thousand.

4. **End-consumer packaged goods.** This segment covers ready-to-eat soups, preserved mushrooms, packaged vegetables, bottled milk and milk-shakes and other products. Total revenues of end-consumer packaged goods segment amounted to EUR 1,864 thousand in the year 2018 and was 1.8 times higher than in the year 2017 when it was EUR 1,050 thousand. During the first 6 months of 2019, the segment generated revenues of EUR 1,053 thousand. Steady increase in end-consumer packaged goods indicates good potential for this segment development. Segment is of strategic importance for the Group due to diversification of current business lines as well as higher value added to existing products.

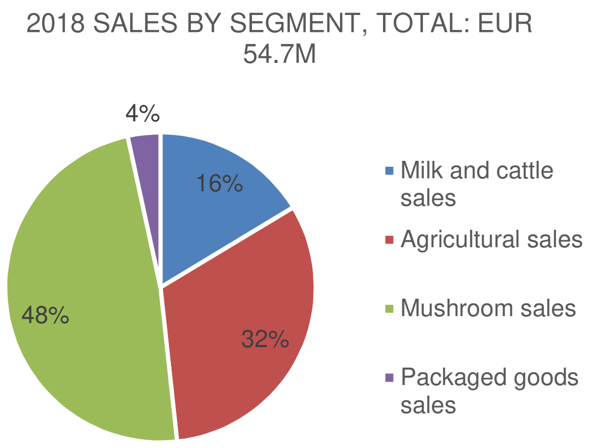
[9] Due to a gross loss under dairy segment, the total Group's gross profit resulted in EUR 3,663 thousand, while the crop growing segment generated a gross profit of EUR 4,317 thousand.

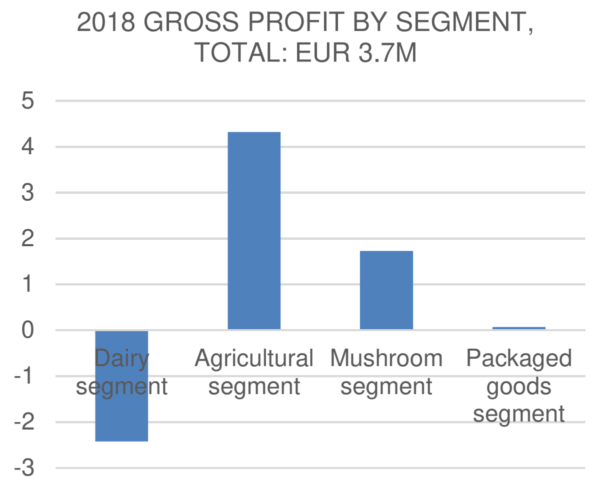
The main intersegment transactions are the following:

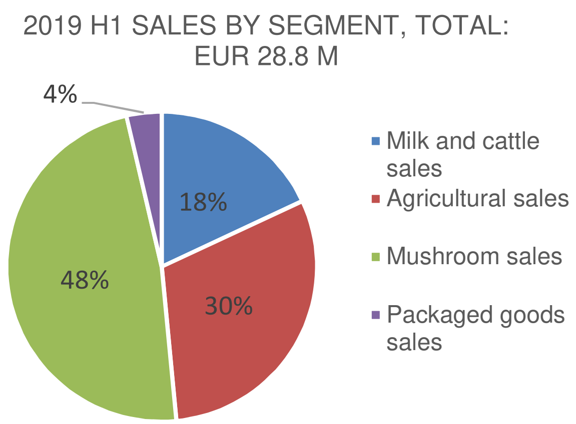
a) The crop growing segment prepares feed for cows (corn silage, hay, haylage) and sells to dairy segment;
b) The dairy segment supply the crop growing segment with manure (organic fertilizer);
c) Other segments provide agricultural and land rent services to the main segments;
d) Other segments provide grain drying and storage services, rent land and equipment for the crop growing segment.

In terms of external client concentration, in 2018, 12.6% of total revenues were received from ICA Sverige AB (mushrooms) (2017: 13%), 8.2% of total revenues were received from Rokiškio sūris AB (milk) and 5% of total revenues were received from Dagab Inkop AB (mushrooms). 12 largest clients by turnover accounted to c.a. 50% of the Group´s total revenues.

The Group is export orientated with c.a. almost 80% of 2018 sales being generated from exports. In 2018, the main export markets of the Group were the following: Scandinavian and Baltic countries, Poland, Germany and France. 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.







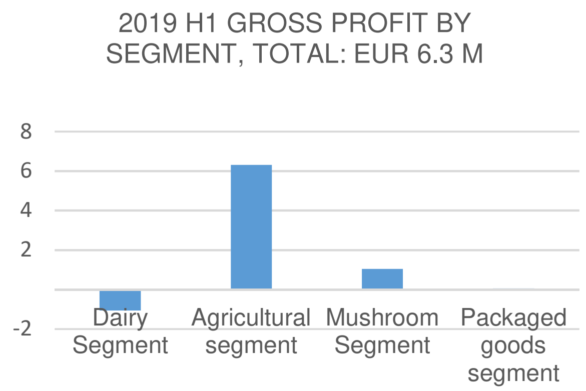


Table 2: Total revenue from external customers (intergroup sales eliminated) breakdown of the Group (EUR'000)

Item	*6-months period ended 30 June 2019*	*6-months period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited*		
Dairy segment	**5,206**	**4,494**	**8,954**	**9,010**	**7,034**
Milk	4,816	4,015	8,127	8,205	6,223
Cattle meat	390	479	827	805	811
Crop growing	**8,780**	**7,604**	**17,475**	**14,203**	**6,825**
Mushroom growing	**13,803**	**12,342**	**26,456**	**24,432**	**24,844**
Consumer packaged goods	**1,053**	**573**	**1,864**	**1,050**	**908**
Other segments	**-**	**-**	**-**	**89**	**18**
Total revenues	**28,841**	**25,009**	**54,749**	**48,784**	**39,630**

Sources: Consolidated Annual Financial Statements, Consolidated Interim Financial Statements

In 2018 the Group´s total revenues increased by 12% (EUR 5,965 thousand) year-to-year. A smaller increase in revenues can be seen when compared to year-to-year growth in 2017 due to the impact of unfavourable weather conditions in summer 2018, which had an impact on the agricultural segment. The summer of 2018 was arid and in most regions of Lithuania there was a shortage of rain. There was a 23% (EUR 3,272 thousand) increase in the agricultural sector year-to-year, while in 2017 the segment increased by 108% (EUR 7,378 thousand). Aforementioned weather conditions in 2018 had negative impact on segments profitability as well. Gross profit for crop growing segment was EUR 4,317 thousand and EUR 13,360 thousand in 2018 and 2017 respectively. During the first 6 months of 2019, the segment revenues reached EUR 8,780 thousand, which was a 15% increase compared to the same period last year. Gross profit for the first half of 2019 was EUR 6,307 thousand compared to EUR 4,441 thousand during the same period in 2018.

In 2018 the Group´s revenues in the dairy segment decreased by EUR 56 thousand year-to-year. Total amount of milk sold slightly decreased from 23.1 thousand tons in 2017 to 22.6 thousand tons in 2018. In 2018 average price of milk sold was around EUR 359 per tonne, which was around 1% higher when compared to 2017, which was due to market prices for non-organic milk being lower than in 2017. Share of organic milk sales by volume increase to 46% (2017: 14%). Dairy segment incurred gross loss of EUR 2,427 thousand in 2018 and gained gross profit of EUR 498 thousand in 2017. During the first 6 months of 2019, the segment revenues reached EUR 5,206 thousand, which was a 16% increase when compared to the same period a year earlier. This was mainly contributed by two factors – an increase of total value of milk sold by 9% and average price of milk sold by 10%. Increasing revenues resulted in shrinking gross loss during the first half of 2019 to EUR 1,068 thousand compared to EUR 1,213 thousand during the same period in 2018.

Mushroom segment revenues increased by 8% (EUR 2,024 thousand) from EUR 24,432 thousand in 2017 to EUR 26,456 thousand. The growth inrevenues was supported by both – increased sales volume and average sales price. There was a positive increase in price for both organic and non-organic mushrooms. The average price of 1 tonne of mushrooms sold was 1,966 EUR in year 2018 (2017: 1,792 EUR/tonne). Gross profit of mushroom growing segment was EUR 1,725 thousand in 2018 and EUR 931 thousand in 2017. During the first 6 months of 2019, the segment revenues reached EUR 13,803 thousand, which was 12% higher when compared to the same period in 2018. Average sales prices kept increasing, positively impacting the overall revenue growth. Gross profit for the first half of 2019 was EUR 1,044 thousand and remained almost at the same level as during the same period in 2018.

The Company kept expanding its end-consumer packaged goods segment, with revenue increasing around 177% in 2018 to EUR 1,864 thousand compared to EUR 1,050 thousand in 2017. Gross profit was EUR 70 thousand in 2018 and EUR 53 thousand in 2017. During the first 6 months of 2019, the segment revenues reached EUR 1,053 thousand (2018: EUR 573 thousand). A positive contribution came from increasing export volumes to such countries as South Korea, the United Arab Emirates, Romania, Ukraine, Northern Macedonia and Portugal. Segment's gross profit during the first half of 2019 was EUR 45 thousand.

4.4 Trend Information

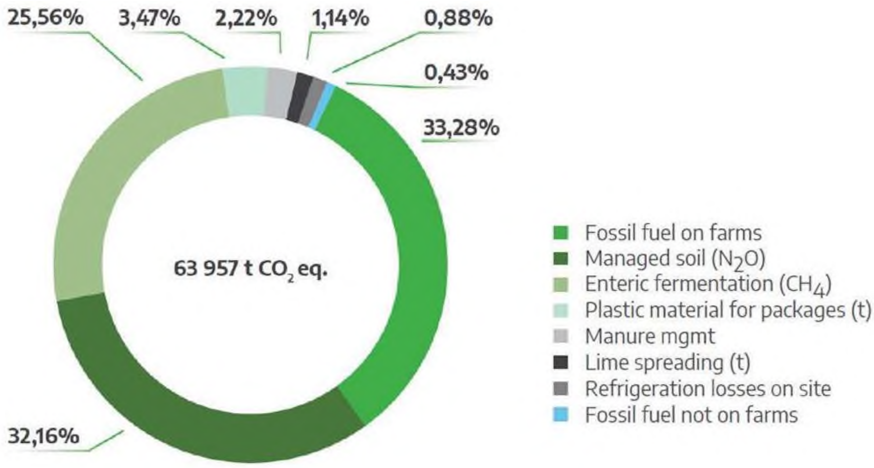
The Group's vision is to focus only on organic and sustainable food production, with a long-term vision of supplying a wide range of finished goods for the end consumers.

The Group´s strategic shift to organic farming began in 2015 and in 2017 the Group had successfully completed the transition from conventional agricultural activities to organic.

One of the reasons behind the Company's strategic decision to transition from conventional to organic farming was also a concern about the industry's environmental impact as well as an aim to find more environmentally sustainable ways of farming and food production. Globally, agriculture along with the emissions from deforestation due to land conversion, accounts for around 23% of total human activity-caused greenhouse gas (GHG) emissions[10]. These are typically attributed to Carbon Dioxide (CO_2) released during soil cultivation with agricultural machinery, Methane (CH_4) associated with cattle and livestock manure, Nitrous Oxide (N_2O) arising from the use of fertilisers and manure. Agriculture is the key contributor to climate change and, under current conditions, projected to increase by 18% and 30% in 2030 and 2050 respectively[11]. With an aim to tackle some of the causes at present, the Company has already started applying sustainable farming methods on a large scale.

The long-term objective of the Group is a neutral CO_2 footprint throughout its core business segments
In 2018, 91% of the Group's direct and indirect GHG emissions (amounting to 58,201 t of CO_2 equivalent) originated mostly from three areas of agricultural activities, i.e.:

(a) fossil fuels on farms (CO_2);
(b) cultivated soil (N_2O);
(c) enteric fermentation (CH_4).



In line with the continuation and further application of the current sustainability practices, the Company has also envisioned and commenced preparations for a number of projects aimed at reducing GHG emissions from its operations, of which the following are the main ones:

1. Introduction of a **biogas cycle in the Group's agricultural operations**, from extraction and purification of biomethane through to running own-designed agricultural machinery on the self-

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[10] The Intergovernmental Panel on Climate Change at the United Nations report 2019 (https://www.ipcc.ch/site/assets/uploads/2019/08/Edited-SPM_Approved_Microsite_FINAL.pdf).
[11] Food and Agriculture Organization of the United Nations report 2014 (http://www.fao.org/3/a-i3671e.pdf).

processed biogas. The Company puts a strong focus on the secondary use of waste and by-products, emerging from other branches of the Group's business. For instance, manure from dairy and poultry farms can be utilised in the production of biogas that can be purified into biomethane. In turn, biomethane can power tractors and other vehicles, including the possibility to supply the biogas to municipal transportation systems with infrastructure available in the main economic hubs of Lithuania and, possibly, other regional centres (i.e. compressed natural gas CNG filling stations and buses running on CNG). The extraction of biogas from manure and the usage of purified biogas for fuel, is one of the most efficient ways for second-generation biofuel to be reintroduced to farm mobility systems. A Lund University study finds that such an approach is up to 148% more beneficial to the climate compared to using fossil fuels[12]. In addition, the organic waste (digestate) left after biogas production can be used as an effective fertiliser for the fields increasing soil productivity by 18%[13] and, hence, decreasing emission proportion per unit of agricultural produce. All in all, a significant positive impact can be sustained on the environment when the biogas cycle is introduced to the Group's agricultural activities.

2. Establishment of **specialised feed technology, with an aim to reduce methane emissions** from bovine enteric fermentation. The specialised feed technology concept relates to the innovative process and technology, associated with proprietary feed production, treatment, adapted formulations of forage, all the way through to monitoring and measuring the effect on the cattle on the farm. The adapted feed formulations would target to address the relationship of the ruminant emission of methane to the atmosphere in relation to their produced milk volumes. Such a programmed set-up would ensure best animal welfare practices and contribute to the significant reduction of the methane (CH_4) emissions.

3. Improvement of **crop rotation in relation to carbon sequestration and nitrogen accumulation capabilities**. The leguminous perennial grasses (alfalfa, clover, etc.) have a property that fixates nitrogen from the atmosphere with the help of symbiotic bacteria within the nodules in their root systems. Moreover, they absorb CO_2 to soil organic matter, while, conversely, cereal cultivation releases CO_2 into the atmosphere leaving organic matter depleted. Additionally, when cultivating perennial cultures, these do not necessitate the kind of fertilisation typically associated with emission of nitrous oxide gasses to the atmosphere. Increased volumes of the leguminous crops would not only add to sequestration, but also could take up a larger proportion in the feed chain, whereby gaining a secondary role in the farming cycle and increasing its value-added in the farming chain. Within the frame of the Group's closed-loop business model, this diversification of the crops would allow growing less-pollutant feed with lower N_2O emission properties, in part, replacing the currently used cereals.

4. **Alternative farming technologies** demonstrating a sizeable impact on the reduction of GHG emissions in the farming loop and exemplifying circularity potential.

The Group manages approximately 38.6 thousand hectares of land and has no plans to significantly expand managed land area in the near future. Timely and correct operations on the fields are vital in order to achieve the desired results. Therefore, the Group plans to concentrate on improving operations as well as continue investments into agricultural equipment dedicated to organic agriculture and its long term goals towards sustainability of agricultural operations.

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 first half of 2019 not all milk output was sold with organic price premium. The Group aims to further increase the percentage of milk sold with organic price premium during 2019. The Group plans to get its organic milk production certified according to China and USA organic farming requirements during 2019. These certificates would further widen potential customers base for the Group's organic milk production.

The cultural mushrooms growing business will remain in leading positions across the Baltics, with no significant production capacity expansion plans anticipated for the coming years. The Group is implementing

[12] "Life Cycle Assessment of Biofuels in Sweden", Pål Börjesson, Linda Tufvesson & Mikael Lantz 2010.
[13] Ecofys "Biofuels and food security" Carlo Hamelinck, 2013, "Report on analysis of sustainability performance for organic biogas plants": SUSTAINGAS 2014.

partial robotization of mushroom seedbed production, mushrooms picking and packaging processes project that would allow to significantly reduce labor costs and increase efficiency of mushroom growing segment. Labor costs comprises around 25% of mushrooms cost of goods sold, thus potential cost savings during robotization of the processes are significant. The Group also expects to further increase the percentage of production of organic mushrooms.

The Group expects that revenues of end-consumer packaged goods segment will retain its growing pace. Segment is of strategic importance for the Group due to diversification of current business lines as well as higher value added to existing products. Distribution of end-consumer products with *AUGA* brand in the domestic Baltics market was increased significantly in local retail chains as well as contracts signed and sales started or planned for the near future to such markets as the Unites States of America, South Korea, the United Arab Emirates, Romania, Ukraine.

There was no:

(i) material adverse change in the prospects of the Issuer since the date of its last published audited financial statements;
(ii) significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Prospectus;
(iii) known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

4.5 Profit Forecasts or Estimates

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

4.6 Administrative, Management Bodies and Senior Management

There is currently only one board at the Company – Management Board, the Company no longer has Supervisory Council. As of the last annual General Meeting, which took place on 30 April 2019 and registration of the new Articles of Association with the Register of Legal Entities of the Republic of Lithuania on 9 May 2019, the Management Board is vested with the functions and powers of strategic management decisions (as per Parts from 1 to 10, 12 and 13 of Article 34 of the Law on Companies) and supervisory functions (as per Part 11 of Article 34 of the Law on Companies). Previously, supervisory functions were carried out by the Supervisory Council. In compliance with the best corporate governance practices, current Articles of Association also explicitly vest the following functions and responsibilities with the Board:

(a) approval of Company's strategy;
(b) approval of annual budget and business plan;
(c) approval of risk appetite and risk management policies;
(d) approval of annual financial and non-financial targets for the CEO;
(e) responsibility of overseeing and leading Company's compliance with the best corporate governance practices;
(f) appointment, removal and supervision of activities of the CEO.

CEO is in charge of daily management of the Company and has authority to represent the Company. CEO is entitled to take decisions on transactions value of which does not exceed 1/20 of authorised capital of the Company; for transactions exceeding the latter threshold approval of the Management Board is required.

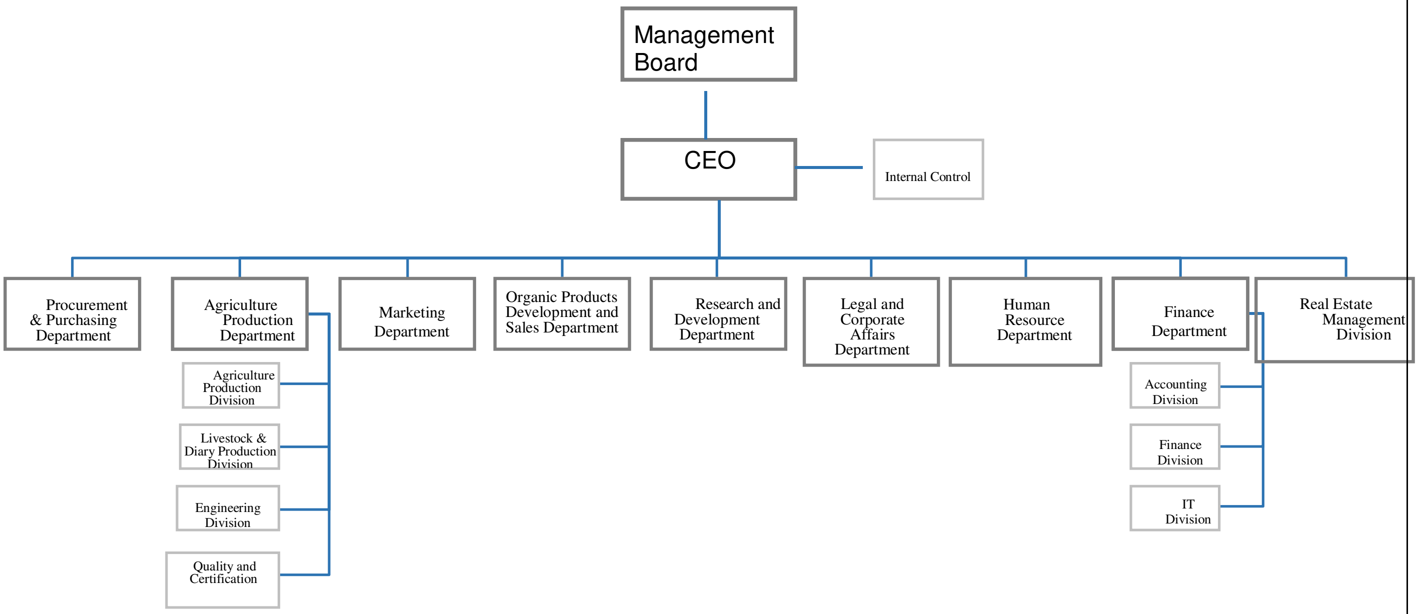
More detailed information about the competences of the aforementioned bodies of the Company may be found in the Articles of Association which are incorporated by reference into this Prospectus.

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

4.6.1 Management Structure of the Company

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

Scheme 1: Management system of the Issuer



Source: the Company

4.6.2 Members of the Management Bodies and Key Executives of the Company

Table 3: Members of management body

Name, surname	*Position within the Issuer*	*Beginning of current term*	*End of term*
Management Board			
Dalius Misiūnas	Chairman of the Management Board (independent member)	30.04.2019 (as the Chairman as from 18.06.2019)	Until 30.04.2021, in any case not later than until the ordinary General Meeting in 2021
William Murray Black Steele	Member of the Management Board (independent member)	30.04.2019	Until 30.04.2021, in any case not later than until the ordinary General Meeting in 2021
Tomas Kučinskas	Member of the Management Board (independent member)	30.04.2019	Until 30.04.2021, in any case not later than until the ordinary General Meeting in 2021
Tomas Krakauskas	Member of the Management Board	30.04.2019	Until 30.04.2021, in any case not later than until the ordinary General Meeting in 2021
Andrej Cyba	Member of the Management Board (independent member)	17.06.2019	Until 30.04.2021, in any case not later than until the ordinary General Meeting in 2021

Source: the Company

According to the Law on Companies, tenure of the Management Board shall be indicated in the Articles of Association (2 years) and may not last longer than until the ordinary General Meeting convened in the last year of the tenure of the Management Board. There is no limitation on the number of terms of office a member of the Management Board may serve.

Management Board

Dalius Misiūnas. Educational qualifications – Lund University (Sweden), PhD in Technology Science; Kaunas University of Technology, Electrical Engineering Bachelor's degree; Baltic Institute of Corporate Governance, Certification in Board Chairmanship; Baltic Institute of Corporate Governance, Certification in Board Management. Career history prior to joining the Group: Board member and General Director of Lietuvos Energija UAB (current name Ignitis UAB) (2013-2018), Chairman of Kaunas University of

Technology (2017-2019), Board member and General Director of MAXIMA grupė UAB (2018-2019). Apart from serving in the Company, currently he also holds President position at ISM University of Management and Economics.

William Murray Black Steele. Educational qualifications – Bachelor's degree in Mechanical Engineering and Master's degree in Aeronautical Thermodynamics (graduated from Glasgow university); Master of Business Administration (graduated from Cranfield university). Career history prior to joining the Group: Board member or chairman of various companies, including E – Energija (2009-2016), Vitalia (2010-2012), LINX – London Internet Exchange (2015-2019), from 1978 till 2009 Head of Strategic Management, Cranfield School of Management, Cranfield University. Apart from serving in the Company, currently he also holds these positions: Board member of James Walker Group, Chairman of Octopus Apollo VCT, Chairman of Surface Generation, Programme Director for NED Training Programmes for the Financial Times, Programme Director of the European Bank of Reconstruction and Development, Programme Director of the British Private Equity and Venture Capital Association. Currently he holds 40 percent of shares in WMB Steele (2009) & Co. Ltd.

Tomas Kučinskas. Educational qualifications – Lomonosov State University (Russia), Master's degree in physics; Baltic Management Institute, International EMBA; Baltic Institute of Corporate Governance, Certification in Board Chairmanship; Baltic Institute of Corporate Governance, Certification in Board Management. Career history prior to joining the Group: Board member or chairman of various companies, including Nordic Idea UAB (2015-2016), Pamario jėgainių energija UAB (2014), Švyturys-Utenos alus UAB (2009-2011), Slavutich (2004-2009), member of Audit Committee of various companies, including KITRON UAB (2009-2010), General Director of various companies, including Norfos mažmena UAB (2010-2011), Litagros prekyba UAB (2010-2011), Švyturys-Utenos alus UAB (2009-2011), BBH Baltic UAB (2004-2009), President of Carlsberg Baltics & Belarus (2004-2009), Vice-President of Baltic Bevergae Holding (BBH) (2004-2009), member of the Budget Committee of LEO LT AB (2008-2009).

Apart from serving in the Company, currently he also holds these positions: Director of Provestum UAB, Board member of Biseris UAB, Chairman of Parket Trade UAB, Board member of Lords LB special Fund V. Currently he holds 100 percent of shares in Provestum UAB, 70 percent of shares in Parket Trade UAB, 50 percent of shares in Biseris UAB, 7.69 percent of shares in Gulbinų turizmas UAB.

Tomas Krakauskas. Educational qualifications – Vilnius University, Management and Business Administration, Bachelor's degree; ISM University of Management and Economics, ISM executive school, Master's degree. Career history prior to joining the Group: Board member of INVL Finasta UAB FMĮ (2015-2016), various positions at INVL Asset Management UAB (Chief Investment Officer, Deputy CEO, Head of Portfolio management department) (2008-2016).

Apart from serving in the Company, currently he also holds these positions: Chief Investment Officer of ME investicija UAB, Chairman, working as independent Board member of State owned company „Lithuanian Airports“, Chairman of Viena sąskaita UAB.

Andrej Cyba. Educational qualifications – Vilnius University, Management and Business Administration, Bachelor's degree. Career history prior to joining the Group: Finasta AB FMĮ, Financial analyst (2004-2006), various positions at Finasta Asset Management UAB (Fund manager, Head of Fund Management, Director, CEO / Board member, Supervisory Council member) (2006-2016), Invalda nekilnojamo turto valdymas UAB, Board member (2008-2009), AB bankas "Finasta", Head of Financial Market division and Board member (2011-2015), F Capital AS, Supervisory Council member (2012-2014), Finasta Holding AB, Deputy CEO and Board member (2012-2014), Finasta atklātais pensiju fonds AS, Supervisory Council member (2012-2015), Finasta Asset Management IPAS, Supervisory Council member (2012-2015), Finasta AB FMĮ, CEO and Chairman of the Management Board (2015), AB bankas "Finasta", CEO and Chairman of the Management Board (2015), Invalda INVL AB, Advisor to President (2016).

Apart from serving in the Company, currently he also holds these positions: Chief Business Development Officer of INVL Asset Management UAB, Chairman of the Board of INVL Finasta UAB FMĮ, Chairman of Supervisory Council of INVL Asset Management IPAS, Chairman of the Supervisory Council of INVL atklātais pensiju fonds AS, Chairman of the Management Board of Mundus UAB, Board member of Vilkyškių pieninė AB, CEO of Piola UAB; CEO of GP1 UAB (dormant entity), CEO of GP2 UAB (dormant entity). Currently he holds 100 percent of shares in GP1 UAB and GP2 UAB, 18.75 percent of shares in Piola UAB and 15 percent of shares in Propuff UAB.

Table 4: Key Executives

Name, surname	*Position within the Issuer*	*Beginning of term*	*End of term*
Administration			
Kęstutis Juščius	General Manager (CEO)	30 April 2019	Indefinite
Martynas Repečka	Finance Director, Chief Financial Officer (CFO)	15 May 2017	Indefinite
Tadas Baliutavičius	Agriculture Production Manager	11 December 2018	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

Kęstutis Juščius. Kęstutis Juščius graduated from Vilnius University, where he gained 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. From 12 February 2012 Kęstutis Juščius is 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.

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 also 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.

Tadas Baliutavičius. Tadas Baliutavičius graduated from the Šiauliai University, Faculty of social sciences (in 2009 – 2013). From 2012 till 2018 he was the General Manager of AUGA Luganta UAB, from 2016 till 2018 General Manager of AUGA Žadžiūnai ŽŪB. From 2010 Tadas Baliutavičius runs his own farm.

Laurynas Miškinis. Laurynas Miškinis graduated from the Vilnius University, International Business School. From 2013 till 2016 he was the Director of Procurement Department at Aljansas AIBĖ UAB, from 2010 till 2013 he was the Head of prepay segment "Labas" at Bitė Lietuva UAB, from 2002 till 2009 he was the Director of Marketing and Commerce at Vilniaus degtinė AB. From 2004 till 2009 he was also the Marketing director at Belvedere prekyba UAB and from 1999 till 2002 – General Manager at Balt Risk UAB. Laurynas Miškinis does not hold shares in any entity.

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 Business School in Vilnius University and in 2015 – Executive MBA 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 38% of shares in Orivega UAB.

4.6.3 Shares Held by the Management of the Company

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

Table 5: Shares held by the members of the Management Board and the Key Executives as of the date of this Prospectus[14]

Name, surname	*Position in the company*	*Owned shares in the Company, units*	*Owned shares in the Company, %*
Kęstutis Juščius	General Manager	1,392	0.0006
Tomas Krakauskas	Management Board member	119,000	0.052

Source: the Company

Kęstutis Juščius (CEO) is the sole shareholder in Baltic Champs Group UAB, which holds 55.04% of Shares.

Tomas Krakauskas, Management Board member, is also an employee of ME Investicijos UAB, which holds 8.39% of Shares.

On 30 April 2019 the General Meeting *inter alia* approved the establishment of the Company‘s Employee Option Plan. The Employee Option Plan is designed to provide long-term benefits for the employees, increase their performance and motivation to remain in the entity’s employment.

Under the plan, participants are granted options to receive the Shares which, subject to certain exemptions, only vest, if service conditions are met. The service condition for the option receiver is to complete a 3-year term of service to the Group. After the condition is met, employee is eligible to exercise the option.

These share-based payments for employees are equity-settled only. When exercisable, each option is convertible into one ordinary fully-fledged Share. The Shares will be issued from the reserve to provide Shares for employees (formed and approved by the General Meeting) at the nominal value of EUR 0.29 and will increase the Company’s share capital.

Options are granted under the plan for no consideration. According to current regulations, there should be no social security contributions, which would be payable by the Company at the time of the exercise (or any other time during the vesting period) and which should be accrued in the liabilities. Unless the Issuer decides otherwise, employees who shall exercise the option and receive the Shares will have to pay the income tax on their own at the time of exercise.

By the decision of the General Meeting of 30 April 2018, EUR 957,000 (approx. for 3,300,000 Shares) of the Company’s profit for 2017 was allocated to the reserve for granting of Shares to employees, of which until 30 September 2019 about 77% has been allocated (i.e. option agreements have been executed with the employees of the Group), including 16% allocated to the managers of the Company in the discretion of the Management Board (i.e. CEO and heads of departments – direct subordinates of CEO).

By the decision of the General Meeting of 30 April 2019, additional EUR 667,000 of the Company’s profit for 2018 was allocated to the reserve for granting of Shares to employees.

4.6.4 Conflicts of Interest of Members of the Administrative, Management and Key Executives

As indicated in the Section 4.6.3 *Shares Held by the Management of the Company* Kęstutis Juščius is direct and indirect shareholder of the Company and Tomas Krakauskas is direct shareholder of the Company, also being the Chief Iinvestment Officer of ME investicija UAB, which holds 8.39% of Shares in the Company. Thus, it is possible that these shareholders may favour any of 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 Management Board or the Key Executives of the Company.

[14] Members of the Management Board or Key Executives, who are not included in this Table, do not hold any Shares in 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 of the Key Executives by blood or marriage.

4.7 Major Shareholders

On the date of this Prospectus, the authorised capital of the Company is EUR 65,950,713.08 and is divided into 227,416,252 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 6: Major Shareholders holding more than 5% of the Issuer as of the date of this Prospectus

Name, surname / name of the company	*Company/fund code*	*Address*	*Shares held by shareholder, units*	*Shares held by shareholder, %*
Baltic Champs Group UAB	145798333	Šiaulių r. sav. Poviliškių k., Lithuania	125,167,939	55.04
European Bank for Reconstruction and Development	EBRDGB2L XXXX	One Exchange Square, London EC2A 2JN, UK	19,810,636	8.71
ME Investicija UAB	302489393	Račių st. 1, Vilnius, Lithuania	19,082,801	8.39
Žilvinas Marcinkevičius	-	-	15,919,138	7.00
Free float	-	-	47,435,738	20.86
Total			227,416,252	100

Source: the Company

All Issuer's Shares 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 General Manager 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. Notwithstanding, 113,708,127 Shares owned by Baltic Champs Group UAB are pledged to secure its undertakings to credit institution, which potentially could result in forced sale of Shares should Baltic Champs Group UAB fail to perform its secured undertakings.

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.

As it was indicated in notification on material event of the Company, dated 19 July 2018[15], the Company, its major shareholder Baltic Champs Group UAB, Kęstutis Juščius and European Bank for Reconstruction and Development (EBRD) entered into a framework agreement. Although in its nature it is not a shareholders' agreement, it, *inter alia* provides for undertaking of the Baltic Champs Group UAB to vote in favour of EBRD nominee to be elected to the board/supervisory council of the Company, as long as EBRD holds at least 3% of the Company's shares. The Company also undertook to comply with certain environment and social compliance and corporate governance recommendations and requirements of the EBRD.

[15] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=848820&messageId=1067642.

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

4.8.1 Financial Statements

Consolidated financial information of the Company (balance sheet, profit and loss statements, cash flow statements and other important metrics) is provided in the tables below. Audited Consolidated Annual Financial Statements and unaudited Consolidated Interim Financial Statements are incorporated by reference into this Prospectus (they may also be found on the Issuer's website www.auga.lt, as well as on www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl and www.gpw.pl). Unless otherwise stated, the information of this Section below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

Table 7: Balance sheet of the Group (EUR'000)

Item	*As at 30 June 2019*	*As at 31 December 2018*	*As at 31 December 2017*	*As at 31 December 2016*
	unaudited	*audited*		
ASSETS				
Non-current assets				
Property, plant and equipment	125,627	92,892	85,235	76,262
Intangible assets	17	2,427	839	19
Long term receivables at amortised cost	6,618	5,641	3,497	2,599
Investments accounted for using equity method	57	57	286	286
Available for sale financial assets	355	355	355	-
Deferred tax asset	1,438	1,438	890	669
Biological assets – livestock	8,788	9,128	8,029	6,858
Total non-current assets	**142,900**	**111,938**	**99,131**	**86,693**
Current assets				
Biological assets	32,551	14,390	10,111	5,223
Inventory	15,633	28,708	25,547	15,157
Trade receivables, advance payments and other receivables	17,651	14,573	10,765	13,367
Cash and cash equivalents	870	2,281	620	1,650
Assets held for sale	-	-	2,374	-
Total current assets	**66,705**	**59,952**	**49,417**	**35,397**
TOTAL ASSETS	**209,605**	**171,890**	**148,548**	**122,090**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	65,951	65,951	54,351	54,351
Share premium	6,707	6,707	738	7,890
Revaluation reserve	7,155	7,155	5,889	4,179
Legal reserve	1,649	1,649	579	579
Reserve to provide shares for	957	957	-	-

Item	*As at 30 June 2019*	*As at 31 December 2018*	*As at 31 December 2017*	*As at 31 December 2016*
employees				
Currency exchange differences	-	-	(165)	(217)
Retained earnings / (accumulated deficit)	9,369	8,937	17,241	5,163
Equity attributable to equity holders of the parent	**91,788**	**91,356**	**78,633**	**71,945**
Non-controlling interest	331	359	382	293
Total equity	**92,119**	**91,715**	**79,015**	**72,238**
Non-current liabilities				
Borrowings	13,731	13,829	16,535	16,938
Obligations under lease*	38,664	7,889	5,987	3,427
Deferred grant income	3,240	3,433	3,657	3,286
Deferred tax liability	882	883	656	433
Total non-current liabilities	**56,517**	**26,034**	**26,835**	**24,084**
Current liabilities				
Current portion of non-current borrowings	7,347	9,256	4,506	3,585
Current portion of non-current obligations*	4,823	3,618	2,956	2,690
Current borrowings	25,000	21,270	13,607	5,350
Trade payables	16,385	14,681	14,467	8,796
Other payables and current liabilities	7,414	5,316	5,855	5,347
Liabilities directly associated with assets classified as held for sale	-	-	1,307	-
Total current liabilities	**60,969**	**54,141**	**42,698**	**25,768**
Total liabilities	**117,486**	**80,175**	**69,533**	**49,852**
TOTAL EQUITY AND LIABILITIES	**209,605**	**171,890**	**148,548**	**122,090**

*The Group has adopted IFRS 16 as of 1 January 2019. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases.

Sources: Consolidated Annual Financial Statements, Consolidated Interim Financial Statements

Table 8: Profit and loss statements of the Group (EUR'000)

Item	*6-months period ended 30 June 2019*	*6-months period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited*		
Revenues	28,841	25,009	54,749	48,784	39,630
Cost of sales	(24,316)	(19,775)	(45,824)	(38,012)	(27,985)
Gain (loss) on changes in fair values of biological assets and on recognition at fair value of agricultural produce at point of harvest	1,802	(944)	(5,262)	4,159	(868)
GROSS PROFIT	**6,327**	**4,290**	**3,663**	**14,931**	**10,777**
Operating expenses	(4,413)	(3,211)	(10,354)	(8,585)	(7,014)
Other income	386	372	2,753	351	127
OPERATING PROFIT	**2,300**	**1,451**	**(3,938)**	**6,697**	**3,890**
Finance cost	(1,959)	(966)	(2,295)	(1,904)	(2,098)
Share of net profit (loss) of associates accounted for using the equity method	-	-	(229)	-	-
PROFIT (LOSS) BEFORE INCOME TAX	**341**	**485**	**(6,462)**	**4,793**	**1,792**
Income tax expense	-	-	482	222	353
NET PROFIT / (LOSS) FOR THE YEAR	**341**	**485**	**(5,980)**	**5,015**	**2,145**
ATTRIBUTABLE TO:					
Equity holders of the Parent Company	369	571	(5,957)	4,926	2,173
Non-controlling interest	(28)	(86)	(23)	89	(28)
Basic and diluted earnings (loss) per share (EUR)	**0.00**	**0.00**	**(0.03)**	**0.03**	**0.01**
NET PROFIT/ (LOSS) FOR THE PERIOD	**341**	**485**	**(5,980)**	**5,015**	**2,145**
Other comprehensive income:					
Revaluation of land and investment property, gross of tax	-	-	1,407	1,800	962
Deferred tax liability from revaluation of fixed assets	-	-	(141)	(90)	(48)
Currency exchange differences	-	-	-	52	49
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**341**	**485**	**(4,714)**	**6,777**	**3,108**
ATTRIBUTABLE TO:					
Equity holders of the Parent Company	369	571	(4,691)	6,688	3,136
Non-controlling interest	(28)	(86)	(23)	89	(28)
	341	**485**	**(4,714)**	**6,777**	**3,108**

Sources: Consolidated Annual Financial Statements, Consolidated Interim Financial Statements

Table 9: Cash flow statements of the Group (EUR'000)

Item	*6-months period ended 30 June 2019*	*6-months period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited*		
Cash flows from /(to) operating activities					
Net profit (loss) before income tax	**341**	**485**	**(6,462)**	**4,793**	**1,792**
Adjustments for non-cash expenses (income) items and other adjustments					
Depreciation expense (Property, plant and equipment except Right-of-use assets IFRS16)	3,676	3,788	7,504	6,800	6,058
Depreciation expense (Right-of-use assets IFRS16)	2,924	-	-	-	-
Amortization expense	4	88	565	178	50
Expenses of share-based payments	64	-	-	-	-
Write-offs and impairment of PPE	-	120	161	41	559
(Profit) loss on sales of non-current assets	-	-	(15)	(2)	227
Share of losses (profits) of investments accounted for using equity method	-	-	229	-	-
(Gain) loss on sale of subsidiaries	-	-	(2,062)	-	-
(Profit) loss on sale of investment property	-	(162)	-	-	-
Reversal of impairment of PPE	-	(1,828)	-	-	-
Write-offs of inventory and biological assets	781	278	1,590	1,102	1,266
Net finance cost	1,068	966	1,774	1,904	2,098
Net finance cost (IFRS 16)	670	-	-	-	-
Acquired own liabilities at discount	-	-	-	-	(184)
Loss provision of receivables	-	-	31	-	10
Loss (gain) on changes in fair value of biological assets	(1,802)	(943)	5,262	(4,159)	868
Grants related to assets, recognized as income	(194)	(353)	(484)	(623)	(663)
Changes in working capital					
(Increase) decrease in biological assets	(19,466)	(15,915)	(10,640)	(6,568)	(2,245)
(Increase) decrease in trade receivables and prepayments	(3,528)	(4,321)	(2,535)	3,468	(1,289)
(Increase) decrease in inventory	12,294	8,485	(3,918)	(6,675)	(7,567)
(Decrease) increase in trade and other payables	3,803	3,838	(739)	5,908	1,723
Interest paid, net	(1,068)	(946)	(1,747)	(1,802)	(1,897)
Net cash flows from /(to) operating activities	**(434)**	**(4,534)**	**(11,486)**	**4,365**	**806**
Cash flows from /(to) investing activities					

Item	*6-months period ended 30 June 2019*	*6-months period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
Purchase of property, plant and equipment	(1,404)	(2,322)	(4,025)	(4,950)	(4,329)
Purchase of non-current intangible assets	-	-	(12)	(17)	(14)
Purchase of available for sale investments	-	-	-	(355)	-
Purchase of investments	-	(1,768)	-	-	-
Payment for acquisition of subsidiary, net of cash acquired	-	-	(2,193)	(1,321)	-
Proceeds from sales of investment property, PPE	321	120	210	616	488
Proceeds from sales of investments	-	500	-	-	6,165
Proceeds from sales of subsidiary, net of cash disposed	-	-	985	-	-
Grants related to assets, received from NPA	-	262	260	373	-
Other loans repaid (granted)	(527)	(311)	(1,261)	(898)	(880)
Net cash flows from/(to) investing activities	**(1,610)**	**(3,519)**	**(6,036)**	**(6,552)**	**1,430**
Cash flows from /(to) financing activities					
Proceeds from issue of shares	-	-	17,569	-	-
Proceeds from bank and other borrowings	3,730	18,820	21,199	12,130	17,352
Amounts paid to banks	(1,604)	(13,451)	(18,450)	(5,921)	(19,101)
Other borrowings received (paid)	500	3,587	4,000	(1,547)	(851)
Increase (repayments) of obligations under finance lease	(1,993)	(651)	(5,135)	(3,504)	(2,054)
Net cash flows from/(to) financing activities	**633**	**8,305**	**19,183**	**1,158**	**(4,654)**
Net (decrease) / increase in cash and cash equivalents	**(1,411)**	**252**	**1,661**	**(1,030)**	**(2,418)**
Cash and cash equivalents at the beginning of the period	**2,281**	**620**	**620**	**1,650**	**4,068**
Cash and cash equivalents at the end of the period	**870**	**872**	**2,281**	**620**	**1,650**

Sources: Consolidated Annual Financial Statements, Consolidated Interim Financial Statements

Table 10: Other important metrics

Mushroom segment	*6-month period ended 30 June 2019*	*6-month period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited (except for non-financial metrics)*		
Total tonnage produced, tonnes	**6,001**	**6,017**	**12,147**	**12,018**	**12,033**
Non-organic mushrooms, tonnes	5,562	5,578	11,271	11,367	11,428
Organic mushrooms, tonnes	439	439	876	651	605
Total revenues from mushroom sales, EUR'000	**12,645**	**11,074**	**23,875**	**21,539**	**21,713**

Non-organic mushrooms, EUR'000	11,292	9,797	21,296	19,630	19,766
Organic mushrooms, EUR'000	1,352	1,277	2,579	1,909	1,947
Total cost of mushrooms sold, EUR'000	**11,686**	**10,068**	**22,331**	**20,756**	**19,321**
Non-organic mushrooms, EUR'000	10,831	9,333	20,720	19,631	18,204
Organic mushrooms, EUR'000	855	735	1,611	1,125	1,117
Total revenues from sales of mushroom seedbed EUR'000	**1,158**	**1,268**	**2,581**	**2,893**	**3,131**
Total cost from sales of mushroom seedbed, EUR'000	**1,073**	**1,199**	**2,400**	**2,748**	**2,879**
Gross profit of mushroom growing segment, EUR'000	**1,044**	**1,075**	**1,725**	**928**	**2,687**

End-consumer packaged goods	*6-month period ended 30 June 2019*	*6-month period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited*		
Total revenue from end-consumer packaged goods sales, EUR'000	1,053	573	1,864	1,050	908
Total cost of sales of end-consumer packaged goods, EUR'000	1,008	582	1,793	997	865
Gross profit of sales of end-consumer packaged goods, EUR'000	**45**	**(9)**	**70**	**53**	**43**

Crop growing segment	*6-month period ended 30 June 2019*	*6-month period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited (except for non-financial metrics)*		
Harvest of agricultural produce					
Total cultivated land, ha	**38,564**	**38,474**	**38,474**	**33,099**	**24,672**
Wheat, ha	11,503	8,854	8,854	6,548	8,740
Pulses, ha	8,039	10,684	10,684	4,117	5,911
Other cash crops, ha	9,129	8,950	8,950	8,130	2,750
Forage Crops, ha	8,984	9,009	9,009	8,223	7,271
Fallow, ha	910	977	977	6,081	-
Average harvest yield, t/ha					
Wheat, t/ha	4.16*	-	2.83	4.10	3.00
Pulses, t/ha	1.75*	-	1.41	3.30	2.50
Other cash crops, t/ha	7.69*	-	5.10	4.97	2.48
Forage Crops, t/ha	-	-	4.93	6.05	8.67
Total fair value of harvest, EUR'000	**28,060****	**22,318****	**27,883**	**26,209**	**15,583**
Wheat, EUR'000	10,474	5,471	6,415	6,830	5,196
Pulses, EUR'000	4,429	5,346	5,576	5,085	4,848

Other cash crops, EUR'000	7,968	8,371	10,099	9,552	1,353
Forage Crops, EUR'000	5,171	3,130	5,793	4,742	4,187
Total production cost of harvest, EUR'000	**24,766**	**22,318**	**31,332**	**21,140**	**15,823**
Wheat, EUR'000	8,117	5,471	7,803	4,988	5,791
Pulses, EUR'000	4,974	5,346	8,444	3,124	4,159
Other cash crops, EUR'000	6,504	8,371	9,292	8,286	2,015
Forage Crops, EUR'000	5,171	3,130	5,793	4,742	3,859
Gain (loss) on revaluation of agricultural produce at point of harvest, EUR'000	**3,294**	**-**	**(3,449)**	**5,069**	**(240)**

* Forecasted harvest yield as at 30 June 2019.
** The Group applied different methodology for fair value estimation of crops as at 30 June 2019 compared to the same period in 2018. For more information please see unaudited consolidated financial information for the six months ended 30 June 2019.

Total revenue of sold agricultural produce, EUR'000	**8,780**	**7,604**	**17,475**	**14,203**	**6,828**
Total cost of sold agricultural produce*, EUR'000	**9,548**	**7,336**	**17,416**	**13,768**	**5,866**
Total inventory write-offs, EUR'000	**(496)**	**(133)**	**1,402**	**302**	**-****
Result of sales of agricultural produce, EUR'000	**(1,264)**	**135**	**(1,343)**	**133**	**962**

* The cost of sold agricultural produce represents the value of crops evaluated at fair values at point of harvest and related sales costs
** Inventory write-offs included in cost of sold agricultural produce

Total subsidies, EUR'000	**4,277**	**4,306**	**9,082**	**8,161**	**7,566**
Directs subsidies, EUR'000	2,175	2,188	5,677	4,541	4,099
Organic farming subsidies, EUR'000	2,103	2,119	3,405	3,620	3,467
Gross profit of crop growing segment per period, EUR'000	**6,307**	**4,441**	**4,290**	**13,359**	**8,288**

Dairy segment	*6-month period ended 30 June 2019*	*6-month period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited (except for non-financial metrics)*		
Average milking cow herd, cows	**3,605**	**3,579**	**3,558**	**3,670**	**3,497**
Total milk sold, tonnes	**12,699**	**11,644**	**22,634**	**23,080**	**23,123**

Non-organic, tonnes	4,611	8,075	12,245	19,849	23,123
Organic, tonnes	8,088	3,569	10,389	3,231	-
Total weight of cattle sold, tons	**356**	**455**	**763**	**795**	**842**
Total revenues from milk sales, EUR'000	**4,816**	**4,015**	**8,128**	**8,205**	**6,223**
Non-organic milk	1,526	2,550	3,882	6,868	6,223
Organic milk	3,290	1,465	4,246	1,338	-
Total revenues from cattle sold, EUR'000	**390**	**479**	**827**	**804**	**811**
Total cost of milk sold, EUR'000	**4,742**	**4,628**	**9,434**	**7,607**	**6,453**
Total cost of cattle sold, EUR'000	**390**	**479**	**827**	**804**	**1,282**
Revaluation of biological assets, EUR'000	(1,492)	(944)	(1,813)	(910)	(629)
Total subsidies, EUR'000	**350**	**344**	**698**	**810**	**1,115**
Gross profit of Dairy segment, EUR'000	**(1,068)**	**(1,213)**	**(2,422)**	**499**	**(215)**

Other segments	*6-month period ended 30 June 2019*	*6-month period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited*		
Total revenue from land rent and other services, EUR'000	**-**	**-**	**-**	**89**	**18**
Gross profit of land rent and other services, EUR'000	**-**	**-**	**-**	**89**	**18**
Operating expenses	*6-month period ended 30 June 2019*	*6-month period ended 30 June 2018*	*Year ended 31 December 2018*	*Year ended 31 December 2017*	*Year ended 31 December 2016*
	unaudited		*audited*		
Operating expenses by mushroom segment, EUR'000	639	623	1,241	1,199	1,026
Operating expenses of crop growing and dairy segments, EUR'000	1,744	1,823	4,744	3,660	3,318
Centralized operating expenses, EUR'000	2,030	765*	4,369**	3,725	2,671

Total operating expenses of all segments, EUR'000	**4,413**	**3,211**	**10,354**	**8,585**	**7,015**

* Including expenses in the first quarter of 2018 related to termination of Arginta Engeneering UAB purchase agreement (EUR 715 thousand) and reversal of impairment of Karakash agro OOO and Karakash OOO property, plant and equipment which had positive effect (EUR 1,828 thousand). Total positive net effect of aforementioned one-offs was EUR 1.1 million.
** Including expenses in the first quarter of 2018 related to termination of Arginta Engeneering UAB purchase agreement (EUR 715 thousand). Reversal of impairment of Karakash agro OOO and Karakash OOO property, plant and equipment which had positive effect (EUR 1,828 thousand) moved to Other income line.

(EUR'000)	*As at 30 June 2019*	*As at 31 December 2018*	*As at 31 December 2017*	*As at 31 December 2016*
	unaudited	*audited*		
Adjusted working capital**	42,036	37,674	26,101	19,604
Net financial debt (long term debt plus short term debt minus cash)*	88,695	53,581	42,970	30,341
Net financial debt (long term debt plus short term debt minus cash) (excl. IFRS16 effect)*	56,125	53,581	42,970	30,341

* Net financial debt (long term debt plus short term debt minus cash) measure indicates total financial indebtedness of the Group, net of cash hold. This measure allows the reader to have better understanding of total financial indebtedness dynamics of the Group during comparative periods. The Group has adopted IFRS 16 from 1 January 2019 and has not restated comparatives for the reporting period ended as at 31 December 2018, as permitted under the specific transitional provisions in the reporting standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized starting from 1 January 2019. On adoption of IFRS 16, the Group recognized right to use an asset and lease liability in relation to leases which had previously been classified as “operating leases” under the principles determined previously by IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. For comparison purposes, net financial debt measure with IFRS 16 effect and eliminating IFRS 16 effect is provided as at 30 June 2019. Net financial debt (long term debt plus short term debt minus cash) (excl. IFRS16 effect) measure as at 30 June 2019 was calculated eliminating EUR 32,570 thousand amount of lease liabilities which previously would have been classified as “operating leases” under the principles determined previously by IAS 17 (88,695-32,570=56,125).
** 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.
Sources: Consolidated Annual Financial Statements, Consolidated Interim Financial Statements

4.8.2 Audited Financial Statements

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

4.8.3 Qualifications and emphasis of matter

There was no qualification or emphasis of the matter in the auditor’s report on the Group’s and the Company’s consolidated and separate financial statements for the year ended 31 December 2018. There were certain emphasis of matter paragraph in the auditor’s reports on the Group’s and the Company’s consolidated and separate financial statements for the years ended 31 December 2016 and 31 December 2017 which related to the dispute between the Company and the Bank of Lithuania (please see below), which are resolved as at the date of this Prospectus.

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.

4.8.4 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.

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. In the dispute regarding trademark for words AUGA CO, EUIPO has satisfied the opposition claim, however, the Company has appealed the decision of EUIPO. 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, as well as claim for damages incurred due to unlawful use of the trademarks. The words AUGA CO are not actually used by the Company. Therefore, the actual risk only concerns the restriction for and legitimacy of the use of AUGA graphic logo in Lithuania.

The Group Companies are under investigation regarding acquisition and holding of agricultural land

Currently the Group Companies are under investigation conducted by the General Prosecutor’s Office of the Republic of Lithuania as regards whether the Group Companies have properly acquired the agricultural land after amendments to the applicable laws dated 1 January 2014 (i.e. not in excess of the established maximum limits).

The Group Companies acquired a major part of the own land before the mentioned requirements entered into effect. In addition, the Issuer believes that all legal requirements for acquisition of agricultural land after 1 January 2014 have been fully followed. Finally, own land forms only part (approximately 10%) of all cultivated land, whereas based on the estimation of the Issuer the maximum exposure of the Group Companies due to undergoing investigation would not exceed 4% of all cultivated land (the equivalent of agricultural land acquired after 1 January 2014).

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, where the state executed such obligation, have been announced.

4.8.5 Significant Change in the Issuer’s Financial Position

Since the end of the last period for which the Company’s unaudited consolidated interim financial information exists (30 June 2019), there have been no significant change in the financial position of the Group.

4.8.6 Regulatory Disclosures

The summary of the information, disclosed under the Market Abuse Regulation over the last 12 months, which is relevant as at the date of the Prospectus includes the following (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. The notification of 13 December 2018[16] that the internal committees of main lenders of the Company (Luminor bank AB and Swedbank, AB) approved the amendments of credit and credit line agreements concluded with the Company, under which, among other amendments, would be agreed not to apply the Financial Debt and EBITDA ratio covenant until the end of third quarter of the year 2019 and to extend credit lines for a year. The additional condition stipulated in the above-mentioned decisions – additional approval of the banks will be required for the capital expenditures exceeding EUR 2 milion in year 2019;

2. Notification of 19 April 2019[17] concerning changes to corporate governance structure of the Company as well as resignation of the former CEO Linas Bulzgys.

3. The notification of 30 April 2019[18] regarding the decisions of the ordinary General Meeting, where *inter alia* a new Management Board, consisting of William Murray Black Steele, Tomas Kučinskas, Tomas Krakauskas, Dalius Misiūnas and Linas Strėlis (he was changed to Andrej Cyba on 17 June 2019) was elected.

4. Notification of 24 May 2019[19] concerning resignation of newly appointed Board Member Linas Strėlis and convocation of extraordinary General Meeting to elect a new member to replace the resigned one for the remainder of the Board's tenure.

5. Notification of 17 June 2019[20] concerning appointment of Andrej Cyba to the position of the Board member for the remainder of the Board's teure.

6. The notification of 28 October 2019[21] in which the Company announced that it has made strategic decision to turn to capital markets for financing by issuing bonds, also that the Company has received consent from its current financing banks to raise up to EUR 20 million of bonds.

4.9 Material Contracts

Neither the Company nor any Subsidiary has entered into a material contract other than contracts entered into in the ordinary course of business, which could result in any Group member being under an obligation or an entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds being issued. Below are the described material contracts (material financial agreements) entered into in the ordinary course of business which are valid as at the date of the Prospectus.

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 56,995 thousand (data as of 30 June 2019). 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).

[16] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=868064&messageId=1092292.
[17] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=885646&messageId=1114733.
[18] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=887602&messageId=1117217.
[19] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=891592&messageId=1122335.
[20] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=894188&messageId=1125760.
[21] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=908272&messageId=1144112.

The Company had debt outstanding to its major shareholder Baltic Champs Group UAB, holding 55.04 per cent of Shares in the Company, in the amount of EUR 4,500 thousand as at 30 June 2019.

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-2018-002-13,** 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	Šiaulių bankas AB	Swedbank AB	Luminor Bank AB
Borrower	Raseinių 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.	4.2% plus 6M EURIBOR	4.2% plus 3M EURIBOR. Margin shall be reduced if certain conditions are met.
Maturity term	05.12.2020	21.12.2019	21.12.2019
Security	(a) Pledge of all present and future cash funds in the borrower bank accounts; (b) mortgages over real estate of the borrower; (c) enterprise mortgage of the borrower; (d) suretyship of the Company; (e) tripartite agreement between borrower, Bank, and NMA with total value of EUR 645,000; (f) movable and immovable property are pledged by maximum mortgage agreements.	(a) Mortgages over real estate; (b) pledge over movables and claim rights; (c) suretyship of the borrower.	(a) Pledge over shares of certain Group Companies; (b) enterprise mortgages of certain Group Companies; (c) suretyships of certain Group Companies.

Agreement	Syndicated Loan Agreement **No 16-002731-IN**, dated 07.01.2016	Syndicated Loan Agreement **No 106-**	Credit Agreement **No 2662-06IV/18**,

		IV, dated 08.07.2016	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	4.5% 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.	4.5% plus 3M EURIBOR	4.5% plus 6M EURIBOR
Maturity term	31.12.2020	31.12.2020	31.03.2021
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	Credit agreement **18-030290-KL,** dated 20.06.2018
Creditor	Luminor Bank AB (ex Nordea Bank AB Lithuania branch)	Swedbank AB
Borrower	AUGA Grūduva ŽŪB	AUGA group AB
Purpose	Financing of the Group Companies	Financing of the Group Companies
Amount	EUR 2,000,000	EUR 5,000,000 (credit line)
Interest rate	Credit margin: 4.5% plus 3M EURIBOR	Credit margin: 4.2% plus 6M EURIBOR
Maturity term	30.06.2022	21.12.2019
Security	(a) Mortgages over real estate of the borrower; (b) pledge over bank account, equipment, sublease rights; (c) suretyship of the Company.	(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.

Loan agreements with the major shareholder of the Company Baltic Champs Group UAB, holding 55.04% of Shares

Agreement	Credit agreement, dated 01.03.2019	Credit agreement, dated 03.10.2018
Creditor	Baltic Champs Group UAB	Baltic Champs Group UAB
Borrower	AUGA group AB	AUGA group AB
Purpose	Financing of working capital of the Group	Financing of working capital of the Group
Amount	EUR 2,000,000 (EUR 500,000 outstanding as at 30 June 2019)	EUR 4,000,000
Interest rate	Fixed rate 4.2%	Fixed rate 3.5%

Maturity term	31.12.2019	25.03.2020
Security	Not applicable	Not applicable

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% which were applied util 31 December 2016. From 1 January 2017 until 31 December 2018 interest rate was 3.5% and since 1 January 2019 interest rate is 4.61% which reflects increased average cost of borrowing of the Group. Total exposure of outstanding intragroup loans amount to approx. EUR 74 million as at 30 June 2019.

V. SECURITIES NOTE

5.1 Interest of Natural and Legal Persons Involved in the Offering

Save for commissions to be paid to the Global Lead Manager, so far as the Issuer is aware, no person involved in the Offering of the Bonds has an interest material to the issue/offer, nor any conflicting interests.

5.2 Reasons for the Offering and Use of Proceeds

This Base Prospectus is designated to (i) Bonds issue Programme for the Offering of Bonds of the Company in the amount of up to EUR 60,000,000 and (ii) Admission thereof to trading on the Baltic Bond List of Nasdaq Vilnius.

As it was indicated in the notification on material event of the Company, dated 28 October 2019[22], the Company has received consent from its current financing banks to raise up to EUR 20,000,000 of bonds. Consequently, if the Company will decide to raise more funds under the Programme, the respective consents will have to be additionally received from the banks for raising amounts, exceeding EUR 20,000,000.

The purpose of the Offering is to raise capital for the below indicated reasons.

In connection with the Offering of the Bonds, the Issuer will receive net proceeds of up to EUR 60,000,000, assuming that all the Bonds are subscribed for and fully paid-up. The Issuer intends to use the proceeds from the Offering (net of legal, Global Lead Manager, Agent fees, and any other agreed costs and expenses relating to the Offering and/or the Admission) for the following purposes:

(i) up to EUR 2.46 million for repayment of the outstanding part of the acquisition price of the land plots, to be provided as collateral, also for early redemption of bonds issued by the Group Company AWG Investment 1 UAB for the purpose of financing indirect acquisition of land portfolio;
(ii) up to total aggregate of EUR 4.5 million (depending on the amount actually raised) – partial repayment of credits to the current financing banks of the Company's group in exchange for release of part of collateral; and
(iii) working capital and other general corporate purposes, including for ensuring continuity of the organic farming projects that the Company develops to make its operations, processes and products more sustainable.

If in respect of a separate Tranche of Bonds, there is other identified use of proceeds, than indicated above, this will be stated in the relevant Final Terms.

The expenses of the Offering of the Bonds mainly consist of the commission to be paid in connection with the Offering of the Bonds to the Global Lead Manager and fees paid to the legal adviser. For more information on this issue please see Section *Placement Agreement* below.

5.3 Information Concerning the Securities to be Offered and Admitted to Trading

Description of the Bonds of the Company to be Offered and Admitted

Securities to be offered and admitted to trading on Nasdaq under the Programme:	Bonds up to an aggregate principal amount of EUR 60,000,000
Type of securities:	Bonds of the Company – debt bonds with a fixed-term, non-equity (debt) securities under which the Company shall become the debtor of the Bondholders and shall assume obligations for the benefit of the Bondholders
ISIN:	Prior to Offering of the Bonds in each of the respective Tranche, the Issuer shall apply to Nasdaq CSD for assignment of the ISIN to Bonds, which shall

[22] https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=908272&messageId=1144112.

	be indicated in the Final Terms
Currency of Bonds:	EUR
Legislation, under which the Bonds shall be created:	The Civil Code, the Law on Companies, the Law on Securities and other related legal acts. All the relations of the Company and the Investors in connection with the Bonds shall be determined in accordance with the laws of the Republic of Lithuania, including without limitation, the Law on Companies and the Law on Protection of Interests of Bondholders. Any disputes, relating to or arising in relation to the Bonds shall be finally settled solely by the courts of the Republic of Lithuania of competent jurisdiction
Number of Bonds, nominal value per Bond, total nominal value, Issue Price per Bond of each of the respective Tranche:	To be established in the Final Terms of each Tranche of the Bonds
Form of Bonds:	The Bonds shall be issued in non-material registered form. According to the Law on Markets in Financial Instruments the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be admitted to trading on the regulated market (Nasdaq Vilnius), shall be made by Nasdaq CSD. Entity to be in charge of keeping the records will be Orion securities UAB FMĮ, code 122033915, registered at the address Antano Tumėno str. 4, Vilnius, Lithuania. The Bonds of the respective Tranche shall be valid from the date of their registration until the date of their redemption and deletion from Nasdaq CSD. No physical certificates will be issued to the investors. Principal and interest accrued will be credited to the Bondholders' accounts through Nasdaq CSD
Credit ratings assigned to the Issuer or the Bonds and status thereof:	Neither the Issuer, nor the Bonds shall be assigned with the credit ratings as a result of the Offering. In case the collateral shall not be established with respect to certain Tranches of Bonds, such Bonds and coupons relating to them shall constitute direct, unsecured and unguaranteed obligations of the Issuer, ranking *pari passu* without any preference among each other and with all unsecured, unguaranteed and unsubordinated indebtednesses of the Issuer, save for such obligations as indicated hereof and as may be preferred by mandatory provisions of the applicable laws. In case the collateral shall be established with respect to certain Tranches of Bonds, such Bonds and coupons relating to them shall constitute senior secured obligations of the Issuer and shall rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under such Bonds and coupons relating to them, in as much as such payment obligations have not been settled in due time and from the value of the established collateral, shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer
Redemption price of the Bonds:	On the day of redemption, the Bonds shall be repaid in full at their nominal value, with the cumulative interest accrued and unpaid to date
Interest rate and dates of payment thereof:	Yield of the Bonds shall be determined and established in the Final Terms. It will be determined by taking into account market demand for the Bonds of the respective Tranche and general market conditions at the time of the respective Tranche. The interest on the Bonds will be paid annually on the dates specified in the Final Terms (the "Interest Payment Date") until the Maturity Date (as defined below) and will be calculated on the aggregate outstanding principal amount of the Bonds of the respective Tranche.

	Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Bonds of the respective Tranche outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date (the "First Interest Period"). Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the Maturity Date (as defined below). Business day convention is "modified following", day count fraction is "act/360" and business day is "Vilnius and a TARGET Day". Should any Interest Payment Date fall on a date which is not a Business Day, the payment of the interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable
Maturity (redemption) date of Bonds and principal payment:	The exact maturity date shall be specified in the Final Terms. Each Tranche of Bonds may have a maturity between 1 (one) and 5 (five) years or such other maturity as the Issuer decides, but in any case not shorter than 12 (twelve) months. The term for provision of the requests/requirements to redeem the Bonds shall not be applicable, as upon Maturity Date of Bonds, the nominal value thereof with the cumulative interest accrued shall be transferred to the accounts indicated by the Bondholders without separate requests/requirements of the Bondholders. As from this moment the Issuer shall be deemed to have fully executed the obligations, related to the Bonds and their redemption, disregarding the fact, whether the Bondholder actually accepts the funds. In case requisites of the account of the Bondholder changes, he/she/it shall have an obligation to inform the Company thereof. Should the Maturity Date fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable. Following the transfer of the redemption price to the investor's accounts as indicated above, the Bonds shall be removed from Nasdaq CSD and Nasdaq Vilnius. If the mentioned amounts are not transferred to the account indicated by the Bondholders, the Bondholders shall have a right to claim for redemption of the Bonds within 3 (three) years after the Maturity Date. If the Bondholders shall not claim redemption of the Bonds within the indicated 3 (three) years term, the respective Bondholders shall forfeit the right of claim
Early Mandatory Redemption of Bonds:	Bonds will be redeemable prior to their maturity upon: (a) occurrence of an Event of Default (please see below; also different Events of Default may be included in the Final Terms of the respective Tranche) and resulting acceleration of the Agent in accordance with the agreement, concluded by the Company and the Agent (please see Section *Representation of Bondholders*), as well as in accordance with provisions of Section *Events of Default* below; (b) upon a De-listing Event occurring, each Bondholder has a right to exercise–early mandatory redemption ("Put Option") of the Bonds within 15 days following the occurence of the De-listing event. The payment date of such Put Option is 15 days after the expiry of the 15 days exercise period for the Put Option. A De-listing Event occurs, if the Company publicly announces its intention to

	de-list from the Nasdaq Baltic Main List (regulated market) and an announcement relating to the commencement of a mandatory tender offer has been Submitted for the listed Shares.
Early Mandatory Redemption Amount:	100% of Nominal Value of a Bond plus accrued interest from last interest payment date
Early Optional Redemption:	Bonds shall be redeemable at the option of the Issuer prior to their maturity in accordance with the following conditions: (a) early redemption may occur at the discretion of the Issuer no earlier than 2 years after the Issue Date; (b) at the respective Early Optional Redemption Amount, which will be indicated in the Final Terms; and (c) with at least 15 days written notice to the Agent.
Early Optional Redemption Amount:	Unless otherwise stated in the Final Terms of the respective Tranche, Early Optional Redemption Amount shall depend on the time of Early Redemption, i.e. if redeemed at any time:
	24-48 months after the Settlement Date – at 102% of Nominal amount plus accrued interest from last interest payment date
Offering and listing of Bonds:	The Global Lead Manager shall offer the Bonds to the Investors under the terms and conditions, indicated in the Final Terms of each of the respective Tranche. The Bonds shall be applied for introduction to trading on a Baltic Bond List of Nasdaq Vilnius once the Bonds shall be subscribed and fully paid by the Investors and registered with Nasdaq CSD. In case not all the Bonds of the respective Tranche are subscribed and/or fully paid by the Investors, the Management Board may decide to issue and introduce to trading on Nasdaq Vilnius any lesser number of Bonds, offered during the respective Tranche. The Issuer expects that the Bonds shall be admitted to trading on Nasdaq Vilnius within 6 (six) months as from placement of the Bonds of the respective Tranche the latest. Disregarding this, the Issuer will put its best endeavours so that this term would be as short as practicable possible. The Issuer shall also put its best efforts to ensure that the Bonds remain listed on the Nasdaq Vilnius. The Issuer shall, following a listing or Admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Bonds. The Issuer will cover all costs which are related to the Admission of the Bonds to Nasdaq Vilnius
Collateral:	Prior to Offering of the Bonds of each of the respective Tranche, the Issuer shall decide whether the collateral shall be established for proper fulfillment of its obligations arising from the Bonds of the respective Tranche to their Bondholders and if so, the related provisions will be included in the Final Terms of Bonds of the respective Tranche. In such case the Agent shall also act as the Collateral Agent, unless otherwise indicated in the Final Terms
Escrow Agent and/or Escrow Account:	In respect of the Tranches for (a) which collateral shall be provided; and (b) part of the Bond proceeds will have to be released to third parties prior to establishment and/or perfection of such Collateral as a condition precedent for / necessary to enable such Collateral to be established and/or perfected, the Bonholders' interests may be secured by establishing an escrow arrangement, whereunder part of proceeds may be released to third parties prior to establishment and/or perfection of such Collateral, whilst the remaining proceeds will only be disbursed to the Issuer upon perfection of the Collateral (to be) provided for the respective Tranche in accordance with the Final Terms of such Tranche
Decision by which the Bonds are issued:	The Programme shall be executed based on the decision of the Management Board, dated 22 November 2019. The decisions by which each Tranche of the Bonds shall be issued shall be specified in the Final Terms
Issue Date of the Bonds:	The Issue Date of the respective Tranche shall be specified in the Final Terms

Transfer restrictions:	There are no restrictions on transfer of Bonds as they are described in the applicable Lithuanian laws. However, the Bonds cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws, including, without limitation, in the United States of America, Australia, Canada, Hong Kong and Japan. For more information on this issue please see Section 1.2 *Notice to Prospective Investors*.
Financial Covenants:	The Issuer may, in respect of specific Tranche of the Bonds, undertake to comply with none, some or all of the below listed financial covenants during the term of the Bonds of the respective Tranche: (a) ***Interest Coverage Ratio (ICR):*** ICR = EBITDA / Net Interest Expense. ICR is calculated once per year on the basis of the Group's consolidated annual audited accounts. ***Where:*** ***EBITDA*** means consolidated net cash flow from operating activities of the Group before changes in working capital and net interest paid, as it is disclosed in annual cash flow statement of the Group prepared in accordance with IFRS, including gain (loss) on fair value changes of biological assets; ***Net Interest Expense*** means the aggregate gross interest costs less the aggregate gross interest income, in accordance with IFRS. For the avoidance of doubt gains or losses on currency transactions and unrealized gains or losses from interest rate swaps and transaction fees on the Bonds under the Programme as well as on any other bonds issued by the Company (if any) is not considered as income or cost. (b) ***Consolidated Equity to Assets ratio:*** Equity/Assets. The ratio is calculated once per year on the basis of the Group's consolidated annual audited accounts in accordance with IFRS. ***Where:*** ***Equity*** means consolidated total book equity of the Group (including any shareholder and/or subordinated loans); ***Assets*** means consolidated total aggregate value of all assets of the Group. (c) ***Collateral Coverage Ratio (CCR):*** may be established in the Final Terms, if the Bonds of the respective Tranche shall be secured. Final Terms of each Tranche shall specify whether and, if so, which of the Financial Covenants the Issuer undertakes in respect of the specific Tranche and their specific values for the respective Tranche. The Issuer is also entitled at its discretion to undertake in respect of specific Tranche(s) additional general covenants which are not listed above in this Section, such additional covenants shall be specified in the Final Terms of the respective Tranche
Remediation:	If the Company has undertaken to comply with certain Financial Covenants in respect of a specific Tranche and it later on fails to comply with either of the Financial Covenants of the respective Tranche of Bonds, it shall not constitute an Event of Default unless the Financial Covenant or Financial Covenants not complied with in a particular year have not been restored within 6 calendar months of the receipt of the following year's Financial Covenant data: (a) there shall be no distribution of the Company's profit. For this purpose distribution means any (i) payment of dividend on Shares of the Company; (ii) repurchase of Company's Shares, (iii) reduction of Share capital of the Company, or (iv) any other similar distribution or transfers of value to the direct and/or indirect shareholders of the Company or the affiliates of such direct and/or indirect shareholders without mutual consideration;

	(b) annual CAPEX limit – EUR 5 million. For the purpose if this paragraph CAPEX means consolidated additions to property, plant and equipment less disposals and write-offs
General Covenants:	The Issuer may, in respect of specific Tranche of the Bonds, undertake to comply with none, some or all of the below listed general covenants during the term of the Bonds of the respective Tranche: (a) **Corporate status**: The Issuer shall not change its type of organization or jurisdiction of incorporation; (b) **Negative pledge**: The Issuer shall procure that no security is created or permitted to subsist over the Collateral provided to secure the Bonds (if any); (c) **Continuation of business**: The main business of the Issuer is organic agriculture and sustainable food production. The Issuer shall not cease to carry on its main business; (d) **Disposal of business**: The Issuer shall not, and shall procure that no other Group Companies shall, sell or otherwise dispose of all or substantial part of the Group's assets or operations, unless such transaction would not have a Material Adverse Effect; For the purposes of this Programme, Material Adverse Effect means an event or circumstances which has a material adverse effect on: (i) the business, financial conditions or operations of the Issuer and/or the Group as a whole; (ii) the Issuer's ability to perform and comply with its obligations under the Bonds; or (iii) the validity or enforceability of any of the Bonds; (e) **Arm's length transactions**: The Issuer shall not, and the Issuer shall ensure that no other Group Company shall, enter into any transaction with any person except on an arm's length terms; (f) **Legality of Collateral** (if any): The Issuer shall ensure that all Collateral presented for the Bonds (if any) is duly registered and not in contravention to local laws and regulations as to the ownership at any time throughout the period the respective secured Bonds (if any) are outstanding. In case of a respective change in local laws and/or regulations suitable alternative Collateral which has similar quality and liquidity to other existing Collateral will be established within a reasonable period of time, which may be not more than a 6 calendar month period; (g) **Distributions**: Any payment of Distribution shall be subject to: (i) no Event of Default is outstanding or would occur; (ii) compliance with the Financial Covenants and continued compliance immediately after such Distribution; (h) **De-mergers**: The Issuer shall not, and shall ensure that no Group Company shall, carry out any de-merger or other corporate reorganization involving a split of the Issuer or any other Group Company into two or more separate companies or entities, if such transaction is expected to lead to non-compliance with the Financial Covenants; (i) **Mergers**: The Issuer shall not, and shall ensure that no Group Company shall, carry out any merger or other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Issuer or any other Group Company with any other companies or entities, if such transaction is expected to lead to non-compliance with the Financial Covenants Final Terms of each Tranche shall specify whether and, if so, which of the General Covenants the Issuer undertakes in respect of the specific Tranche an, if necessary, specify variations in their wording/terms and conditions. The Issuer is also entitled at its discretion to undertake in respect of specific Tranche(s) additional general covenants which are not listed above in this Section, such additional covenants shall be specified in the Final Terms of the respective Tranche
Events of Default:	Final Terms of the specific Tranche of the Bonds shall specify the events that

shall constitute Events of Default for the purposes of that specific Tranche. Below is an exemplary list of events that the Issuer may chose from (as stated below or with variations) which may be included in the Final Terms of the respective Tranche as events deemed to constitute Events of Default for that particular Tranche:

(a) **Non-payment**: default is made for more than 15 days in respect of interest on the Bonds;

(b) **Cross-acceleration**: any other present or future financial indebtedness of the Issuer or any of its material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual event of default and creditor's actual notice of acceleration and request to prepay the indebtedness in full, provided that the aggregate amount of the relevant indebtedness in respect of which one or more of the events mentioned above in this paragraph have occurred equals or exceeds EUR 5 million;

(c) **Breach of Other Obligations**: the Issuer defaults on one or more of its other material obligations in the Bonds or the Collateral Agreement (if applicable for a respective Tranche of Bonds, including without limitation the General Covenants), except for non-compliance with Financial Covenants (for a maximum of 6 calendar months, as they are subject to separate remediation procedure, as indicated above), which default is material and incapable of remedy or, if in the opinion of the Agent capable of remedy, is not in the opinion of the Agent remedied within a reasonable time which in any case should be not less than 30 days after notice of such default given to the Issuer by the Agent provided that in this case the Agent shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders;

(d) **Enforcement Proceedings (applicable only in case of Tranches of Bonds, in respect of which the collateral shall be established for proper fulfillment of obligations arising from the Bonds of the respective Tranche)**: attachment or execution is levied on or commenced in respect of any part of the Collateral securing the Bonds, provided that this paragraph (d) shall not apply to any petition which is (a) frivolous or vexatious and is discharged, stayed or dismissed within 90 days of commencement; and / or (b) relates to insignificant part of the Collateral portfolio (i.e. within the limits of 10% of Collateral value);

(e) **Insolvency**: the Issuer or any of the Collateral providers (if applicable for a respective Tranche of Bonds): (a) is insolvent or bankrupt, (b) stops, suspends or threatens to stop or suspend payment of all or any substantial part of (or of a particular type of) its debts;

(f) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of Collateral providers (if applicable for a respective Tranche of Bonds), or the Issuer or any of the Collateral providers (if applicable for a respective Tranche of Bonds) shall apply or petition for a winding-up or administration order in respect of itself, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, whereby the undertaking and assets of such entity shall remain within the Group, provided that this paragraph (f) shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 60 days of commencement.

Other or different Events of Default may also be included in the Final Terms of respective Tranche of Bonds.

If any of the events constituting and Event of Default in respect of specific Tranche occurs and is continuing, the Agent at the request of the Bondholders of at least 2/3 in nominal amount of the Bonds of the respective Tranche then outstanding shall give notice to the Issuer that the respective

	Bonds shall become immediately due and payable at their Final Redemption Amount together with (if applicable) interest accrued and unpaid to date
Taxation:	The tax legislation of the Investor's Member State and of the Issuer's country of incorporation (Lithuania) may have an impact on the income, received from the Bonds. All payments in respect of the Bonds by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (the "Taxes"), unless the withholding or deduction of the Taxes is required by laws of the Republic of Lithuania. In such case, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional compensation to the Bondholders in respect of such withholding or deduction. For more information, related to taxation of the Bonds, please see Section *Taxation* below
Possible Green Bond Certification:	The Company has applied to *CICERO Shades of Green* for a second opinion to establish whether the Bonds are in line with the stated definition of green bonds within the International Capital Market Association Green Bond Principles. As of the date of this Prospectus the Company has not received the second opinion. If it is received before the respective Tranche of Offering, the information will be publicaly announced and included in the Final Terms of the respective Tranche Bonds
Publication of the Final Terms:	The Final Terms of each Tranche will be approved by the Management Board of the Issuer. Before the Offering of the respective Tranche commences, the Final Terms will be (i) submitted to the Bank of Lithuania; and published (ii) on the websites of the Issuer and of the Global Lead Manager, (iii) as well as on www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl, and on www.gpw.pl
Estimated Expenses Charged to the Investors:	No expenses or taxes will be charged to the Investors by the Issuer in respect to the Offering of the Bonds. However, the Investors may be obliged to cover expenses which are related to the opening of securities accounts with credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the Investor's purchase or selling orders of the Bonds, the holding of the Bonds or any other operations in relation to the Bonds. The Issuer and or the Lead Manager will not compensate the Bondholders for any such expenses

Rights of the Bondholders

A Bond is a fixed-term non-equity (debt) security under which the Company which is the Issuer of the Bond becomes the debtor of the Bondholder and assumes obligations for the benefit of the Bondholder. The Bonds are incorporeal and shall be fixed by entries in the securities accounts of their holders. The Bonds of each respective Tranche shall grant their holders equal rights.

As from the maturity date of the Bonds, Bondholders shall have a right to receive from the Company the nominal value of the Bonds and the interest accrued and unpaid to dates, as indicated above, i.e. he/she/it shall have a right to require, that the Bonds would be redeemed for their redemption price.

As all the Bonds shall be admitted to trading on the regulated market Nasdaq Vilnius and traded publicly, the Law on Protection of Interests of Bondholders shall be applicable to all the Bonds. The summary of the respective provisions is described in this Section below.

Bondholders shall have the rights provided in Law on Protection of Interests of Bondholders, the Civil Code, the Law on Companies and other laws regulating the rights of bondholders, as well as the rights specified in the respective decision to issue Bonds. The Bondholders shall have the following main rights:

(a) to receive the cumulative interest accrued annually;

(b) to receive the nominal value of Bonds and the cumulative interest accrued and not yet paid on the maturity date of the Bonds;
(c) to sell or transfer otherwise all or part of the Bonds;
(d) to bequeath all or part of owned Bonds to the ownership of other persons (applicable only towards natural persons);
(e) to participate in the Bondholders' Meetings;
(f) to vote in the Bondholders' Meetings;
(g) to initiate the convocation of the Bondholders' Meetings following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
(h) to adopt a decision to convene the Bondholders' Meeting following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
(i) to obtain the information about the Issuer, the respective issue of Bonds or other information related to the protection of his/her/its interests;
(j) to receive from the Agent a copy of the contract concluded between the Issuer and the Agent;
(k) other rights, established in the applicable laws.

The rights of Bondholders shall be executed during the term of validity of the respective Bonds (from the Issue Date until the Maturity Date) according to the order, indicated in this Base Prospectus, Final Terms and the applicable Lithuanian laws.

Representation of Bondholders

Law on Protection of Interests of Bondholders foresees that before issuing Bonds offered for public trading, a company must conclude a civil contract with an agent (trustee) of the bond holders (the "Agent") for representation of bondholder's interest. Under this contract, the Agent shall undertake to safeguard the interests of the holders of a certain bonds issues in their relations with the Issuer and the Issuer shall undertake to pay remuneration thereto. The Manager has the right to conclude and to terminate the contract with the Agent.

The Issuer is entitled to appoint a different Agent and/or Collateral Agent in respect of each Tranche. The Agent and/or Collateral Agent appointed for the respective Tranche shall be specified in the Final Terms of the respective Tranche. For the first Tranche to be issued under the Programme the Issuer appointed Audifina UAB, which meets the requirements established for the agents (trustees) in the Law on Protection of Interests of Bondholders, as an Agent and Collateral Agent. On 25 November 2019, the Issuer has concluded the civil contract with Audifina UAB to that regard. Contact data of this Agent is the following: address A. Juozapavičiaus str. 6, Vilnius, Lithuania, tel. + 370 5 212 73 65, e-mail info@audifina.lt, website https://www.audifina.lt/.

The Company shall pay to the Agent the fee, indicated in the above contract. The fee shall be paid until full execution of the obligations, indicated in the respective decision to issue the Bonds, except for the cases when the contract ceases earlier.

A contract on protection of Bondholders' interests expires:

(a) when the Company properly discharges all its obligations to Bondholders;
(b) when an auditor (in this particular case) loses the right to provide relevant services or when the Agent acquires the legal status of a "legal entity in bankruptcy" or "liquidation";
(c) in other cases, set in the contract on protection of Bondholders' interests;
(d) in other cases, set in the Law on Protection of Interests of Bondholders, in the Civil Code, the Enterprise Bankruptcy Law of the Republic of Lithuania.

Below please find a brief description of certain provisions of the above contract with the Agent as well as of the applicable Lithuanian laws, related to rights and obligations of the Agent. For full description of the respective provisions please see the Law on Protection of Interests of Bondholders and the contract, concluded with the respective Agent and/or Collateral Agent. Agreement with Audifina UAB will be accessed by following this link https://www.audifina.lt/ prior to commencement of the Offering of the respective Tranche of Bonds.

Main Rights of the Agent

(a) to receive the lists of Bondholders from the Issuer;
(b) to receive the copies of the Issuer's decisions to issue the Bonds;
(c) to get acquainted with the documents and information which are necessary to fulfil its functions and to receive the copies of such documents;
(d) after having obtained the consent of the Bondholders' Meeting of the respective Bond Tranche, to conclude contracts with third parties when it is necessary to ensure the protection of the interest of Bondholders;
(e) to bring an action to the court for the purpose of safeguarding the rights of the Bondholders.

Agent, acting on behalf of and for the benefit of Bondholders, has the right to exercise rights of a pledgee and mortgagee when Bonds issued by the Company are secured with a pledge or mortgage, respectively.

Main Obligations of the Agent

(a) to take actions in order that the Company fulfilled its obligations towards the Bondholders;
(b) to convene Bondholders' Meetings;
(c) to publish information regarding the Bondholders' Meetings being convened under procedure of the Law on Protection of Interests of Bondholders;
(d) to provide the Bondholders' Meetings with all relevant documents and information;
(e) to provide Bondholders' Meeting, in which the question is being addressed regarding approval of the enforcement measures in respect of Issuer's outstanding commitments to Bondholders, the recommendatory opinion, whereby the reasoned opinion to approve or reject the enforcement measures suggested by the Issuer is provided;
(f) to execute the decisions of the Bondholders' Meetings;
(g) no later than within 5 (five) Business Days as from the day of receipt of a request of the Bondholder(s) to provide information, to gratuitously present all the information about the Issuer, the respective issue of Bonds or other information related to the protection of his/her/its/their interests;
(h) no later than within 3 (three) Business Days as from the day of receipt of a request of the Bondholder(s) to provide a contract concluded between the Issuer and the Agent, to gratuitously provide to the Bondholder(s) the copy of such contract;
(i) to provide the Bondholder(s) with all other information related to the protection of his/her/its/their interests;
(j) no later than on the next Business Day to inform the Issuer that the Agent has lost the right to provide audit services (in this particular case), or acquired legal status "in bankruptcy" or "in liquidation".

Bondholders' Meetings

The right to convene the Bondholders' Meeting shall be vested in (a) the Agent, (b) the Bondholders who hold no less than one-tenth of the Bonds of the same issue (Tranche), providing voting right in the Bondholders' Meeting, and (c) the Issuer. As a general rule, the Bondholders' Meetings are convened by a decision of the Agent. The Bondholders of respective Tranche and Agent shall have the right to attend the respective Bondholders' Meetings. The Agent must attend the Bondholders's Meeting in cases when the Bondholders who hold no less than one-tenth of the Bonds of the same issue (Tranche) providing voting right in the Bondholders' Meeting approve such a need. The Manager or his authorised person may also attend the Bondholders' Meeting, unless the Bondholders who hold no less than one-tenth of the Bonds of the same issue (Tranche) providing voting right in the Bondholders' Meeting contradict thereto.

All expenses in relation to the convening and holding the Bondholders' Meeting shall be covered by the Issuer.

Subject to due and timely delivery of the notice to the Issuer by the persons convening the Bondholders' Meeting, a notice of convocation of the Bondholders' Meeting no later than 15 (fifteen) Business Days before the date of the Bondholders' Meeting shall be published on the Company's website www.auga.lt as well as on www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl, and on www.gpw.pl. If any of the Bondholders expressed his/hers/its request to get notifications on the convocation of the Bondholders' Meetings via email and provided the email address, the notice of convocation of the Bondholders' Meeting, subject to due and timely delivery of the notice to the Issuer by the persons convening Bondholders' Meeting, no later than 15 (fifteen) Business Days before the date of the Bondholders' Meeting shall also be send via the indicated email. The notice of convocation of the Bondholders' Meeting shall specify the details of the Issuer, the ISIN of the respective Tranche of the Bonds, date, time, place and agenda of the meeting.

The Agent is obliged to announce on the convocation of the Bondholders' Meetings on its website as well.

The Bondholders' Meeting may be convened without observing the above terms, if all the Bondholders of the same issue (Tranche), the Bonds held by which carry voting right in the Bondholders' Meeting, consents thereto in writing.

A Bondholders' Meeting may take decisions and shall be held valid if attended by the Bondholders who hold more than ½ of Bonds of the same issue (Tranche), providing voting right in the Bondholders' Meeting. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the Bondholders' Meeting. If the quorum is not present, the Bondholders' Meeting shall be considered invalid and a repeated Bondholders' Meeting shall be convened, to which the quorum requirement shall not be aplicable.

A repeated Bondholders' Meeting shall be convened after the lapse of at least 5 (five) Business Days and not later than after the lapse of 10 (ten) Business Days following the day of the Bondholders' Meeting which was not held. The Bondholders must be notified of the repeat Bondholders' Meeting not later than 5 (five) Business Days before the repeat Bondholders' Meeting following the order, indicated above.

One Bond of the Company of the respective issue carries one vote. A decision of the Bondholders' Meeting shall be considered taken if more votes of the Bondholders of the respective Tranche, participating in the Bondholders' Meeting and having a voting right have been cast for it than against it, unless this Law on Protection of Interests of Bondholders requires a larger majority.

The Agent shall chair the Bondholders' Meetings, unless the meeting decides otherwise. The meeting must also elect the secretary thereof. Minutes of the Bondholders' Meeting shall be taken. The minutes shall be signed in 2 (two) copies (to the Company and to the Agent) by the chairman and the secretary of the Bondholders' Meeting.

The decisions of the Bondholders' Meeting shall be published on the website of the Agent after the Bondholders' Meeting as soon as possible and without any delay, except parts of the decisions, which include confidential information.

The Bondholders' Meeting shall take the following decisions, which as a general rule bind all the Bondholders of the respective issue:

(a) to remove the Agent from its position and appoint a new agent, which meets the requirements of the applicable laws and to also oblige the Issuer to terminate the contract with the existing Agent and to conclude the contract with the new appointed agent;
(b) to indicate to the Agent that the violation committed by the Issuer is minor, thus, there is no necessity to take actions regarding protection of rights of Bondholders;
(c) to approve the enforcement measures in respect of the Issuer's failed commitments to Bondholders of the respective Tranche, suggested by the Issuer. This decision shall be adopted by a qualified majority of no less than ¾ of Bondholders, participating in the Bondholders' Meeting and having a voting right;
(d) to determine, which information the Agent will have to provide to the Bondholders' Meetings periodically or at the request of the Bondholders and to establish the procedure of provision such information;
(e) to adopt other decisions which according to the provisions of Law on Protection of Interests of Bondholders are assigned to the competence of the Bondholders' Meeting.

Resolutions passed at the Bondholders' Meeting shall be binding on all Bondholders of the same issue (Tranche), except for the cases, when in the decision of the Bondholders‘ Meeting the instructions to the Agent are provided to execute certain actions.

Disputes regarding the decisions, adopted in the Bondholders‘ Meetings shall be settled in the court. The claim may be brought to the court by the Agent, the Company or any Bondholder, if there are suspicions, that the content of the decision and/or its form, and/or its adoption procedure contradict the laws regulating these issues or infringes the legitimate interests of the Bondholders. The term of 20 (twenty) Business Days is established for provision of such claims as from the the date on which the claimant found out or had to find out the respective decision.

Notices

Bondholders shall be advised of matters relating to the Bonds by a notice published in English and Lithuanian on the Issuer's website at www.auga.lt as well as on www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl and on www.gpw.pl. Any such notice shall be deemed to have been received by the Bondholders when published in the manner specified in this Section.

Purchases

The Issuer and any of its Subsidiaries may at any time purchase the Bonds in any manner and at any price on the secondary market. Bonds held by or for the account of the Issuer or any of its Subsidiaries for their own account will not carry the right to vote at the Bondholders' Meetings and will not be taken into account in determining how many Bonds are outstanding for the purposes of these terms of the Base Prospectus.

Force Majeure

The Issuer, the Global Lead Manager and/or Nasdaq CSD shall be entitled to postpone the fulfilment of their obligations hereunder, in case the performance is not possible due to continuous existence of any of the following circumstances:

(a) action of any authorities, war or threat of war, rebellion or civil unrest;
(b) disturbances in postal, telephone or electronic communications which are due to circumstances beyond the reasonable control of the Issuer, the Global Lead Manager and/or Nasdaq CSD and that materially affect operations of any of them;
(c) any interruption of or delay in any functions or measures of the Issuer, the Global Lead Manager and/or Nasdaq CSD as a result of fire or other similar disaster;
(d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Global Lead Manager and/or Nasdaq CSD even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
(e) any other similar *force majeure* or hindrance which makes it unreasonably difficult to carry on the activities of the Issuer, the Global Lead Manager and/or Nasdaq CSD.

In such case the fulfilment of the obligations may be postponed for the period of the existence of the respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer, the Global Lead Manager and/or Nasdaq CSD shall put all best efforts to limit the effect of the above referred circumstances and to resume the fulfilment of their obligations, as soon as possible.

Further Issues

The Issuer may from time to time, without the consent of and notice to the Bondholders, create and issue further Bonds (a) whether such further Bonds form a single Tranche with already issued Bonds or not; (b) and/or whether under the same Programme / this Prospectus, or not. For the avoidance of doubt, this Section shall not limit the Issuer's right to issue any other bonds.

Taxation

The following is a general summary of certain tax considerations in the Republic of Lithuania and in the Republic of Estonia in relation to the Bonds. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Bonds, as well as does not take into account or discuss the tax implications of any country other than the Republic of Lithuania and the Republic of Estonia. The information provided in this Section is not to be treated as legal or tax advice; and prospective investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Bonds applicable to their particular circumstances.

This summary is based on the laws of Lithuania and of Estonia as in force on the date of this Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Republic of Lithuania

A "**resident individual**" means an individual whose permanent place of residence is in Lithuania, or whose personal, social or economic interests are located in Lithuania or who is present in Lithuania continuously or intermittently for at least 183 days in the relevant tax period or at least 280 days in two consecutive tax periods and at least 90 days in one of these tax periods, and a "**resident entity**" means an entity which is legally established in Lithuania.

A "**non-resident individual**" means an individual whose permanent place of residence is outside Lithuania, whose personal, social or economic interests are located outside Lithuania and who is present in Lithuania for less than 183 days in the relevant tax period and less than 280 days in two consecutive tax periods and less than 90 days in one of these tax periods, and a "**non-resident entity**" means an entity which is not legally established in Lithuania.

Taxation of non-resident entities acting through a permanent establishment in Lithuania is the same as that of resident entities defined above, if such a non-resident entity earns interest income through its permanent establishment in Lithuania. Therefore, it is not separately outlined in the further sections of this Prospectus. For relevant details on the taxation of Lithuanian permanent establishments as Bondholders, please refer to the taxation of resident entities.

Taxation of non-resident individuals acting through a fixed base in Lithuania is the same as that of resident individuals defined above, if such a non-resident individual earns interest income performing activity through a fixed base in Lithuania.

Withholding Tax, Income Tax

Taxation of interest

Payments to individuals

Payments in respect of interest on the Bonds (including, to the extent applicable, the difference between the redemption price and the issue price of the Bonds) to a resident or non-resident individual will be subject to personal income tax at progressive tax rates of (i) 15%, if the total amount of income (excluding income from employment, self-employment, dividends, renumeration of board members and certain other types of income) received by an individual during a calendar year does not exceed the sum of 120 Lithuanian gross average salaries, which is determined on the basis of quarterly gross average salaries as published by Statistics Lithuania (in 2019, this figure would be EUR 136,344) and (ii) 20%, which will apply to any income (excluding income from employment, self-employment, dividends, renumeration of board members and certain other types of income) received by an individual during a calendar year, exceeding the aforementioned threshold. Separate double taxation treaties with the Republic of Lithuania can provide for a lower tax rate for non-residents.

The total amount of interest (including interest on the Bonds) received during a calendar year not exceeding EUR 500 will not be subject to the personal income tax. The personal income tax is to be paid by a resident individual himself/herself. When interest is earned by a non-resident individual, the interest-paying Lithuanian entity or a permanent establishment of a foreign entity is to withhold the 15% tax and if it turns out at the end of the year that a part of the amount was subject to the 20% rate, the individual is to pay the difference himself/herself.

Payments to entities

Payments in respect of interest on the Bonds (including, to the extent applicable, the difference between the redemption price and the issue price of the Bonds):

(i) to a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to the 15% corporate income tax (5% for small-sized entities).

(ii) to a non-resident entity, which is registered or otherwise organized in a state of the European Economic Area or in a state with which the Republic of Lithuania has concluded and brought into effect a double tax treaty, will not be subject to the withholding tax in Lithuania.
(iii) to a non-resident entity other than those listed above will be subject to the 10% withholding tax.

If an interest-paying person s unable to identify the Holder of Bonds and determine such Holder's eligibility for a lower tax rate or exemption from the withholding tax, payments of interest in respect of the Bonds to any such Holder of Bonds (including, to the extent applicable, the difference between the redemption price and the issue price of the Bonds will be subject to the 15% withholding tax to be withheld.

Taxation on Disposition of Bonds

Payments to individuals

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Bonds received by a resident individual will be subject to progressive tax rates of (i) 15%, if the total amount of income (excluding income from employment, self-employment, dividends, renumeration of board members and certain other types of income) received by a resident individual during a calendar year does not exceed the sum of 120 Lithuanian gross average salaries (in 2019, this figure would be EUR 136,344) and (ii) 20%, which will be applied to any income (excluding income from employment, self-employment, dividends, renumeration of board members and certain other types of income) received by a resident individual during a calendar year, exceeding the aforementioned threshold. Any capital gains received from the sale of securities (including the Bonds) during a calendar year not exceeding EUR 500 will not be subject to the personal income tax. The tax relief will not apply if the sale proceeds are received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven.

The disposition of the Bonds by non-resident individuals will not be subject to any Lithuanian income or capital gains tax.

Payments to entities

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Bonds received by a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to the 15% corporate income tax (5% for small-sized entities).

The disposition of the Bonds by non-resident entities will not be subject to any Lithuanian income or capital gains tax.

Registration and Stamp Duty

Transfers of the Bonds will not be subject to any registration or stamp duty in Lithuania.

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall Lithuanian tax consequences of the ownership of the Bonds.

Republic of Estonia

A "**resident individual**" means an individual residing is in Estonia or who stays in Estonia for at least 183 days over the course of a period of 12 consecutive calendar months[23]. Estonian diplomats who are in foreign service are also considered as residents.

A "**resident legal person**" means a person established pursuant to Estonian law.

A "**non-resident"** means an individual or a legal person who is not deemed to be a resident as it is defined above. The provisions concerning non-residents also apply to a foreign association of persons or pool of assets (excluding contractual investment fund) without the status of a legal person, which pursuant to the law

[23] A person shall be deemed to be a resident as of the date of his or her arrival in Estonia.

of the state of the incorporation or establishment thereof is regarded as a legal person for income tax purposes.

A non-resident shall pay income tax imposed on certain types of incomes derived from Estonian sources (limited tax liability). Generally, the income of a non-resident legal person shall be declared, and income tax shall be imposed, withheld and paid pursuant on the same conditions and procedures as in the case of a non-resident natural person.

A non-resident legal person who has a permanent establishment in Estonia shall pay income tax pursuant according to the procedure provided for taxation of permanent establishments, which is similar to taxation of resident legal entities. Therefore, it is not separately outlined in the further sections of this Prospectus. For relevant details on the taxation of Estonian permanent establishments as Bondholders, please refer to the taxation of resident entities.

A non-resident natural person who is acting through a permanent establishment in Estonia shall pay income tax pursuant to the procedure provided for the taxation of business income. Taxation is the same as that of residents defined above, if such a non-resident’s i interest income is considered as a business profit.

Withholding Tax, Income Tax

Taxation of interest

Payments to individuals

Payments in respect of interest on the Bonds to a resident will be subject to personal withholding income tax at a tax rate of 20%. Income tax paid or withheld from the payment of interest in a foreign state may be deducted from income tax payable in Estonia only if the taxpayer submits a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax.

Non-residents taxable income consists only of income from Estonian sources. Income tax is generally not charged on interest received by a non-resident. Withholding income tax at a rate of 20% is charged only on interest received from the holding in a **contractual investment fund** or other pool of assets of whose property, at the time of the transfer or during a period within two years before transfer, more than 50 per cent was directly or indirectly made up of immovables or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of transfer.

A non-resident acting through a permanent establishment in Estonia will be subject to personal income tax at a tax rate of 20%, if such a non-resident’s interest income is considered as a business profit (a result of a person's independent economic or professional activity) earned by means of the permanent establishment in Estonia.

Separate double taxation treaties with the Republic of Estonia can provide a lower tax rate for non-residents.

Payments to entities

Payments in respect of interest on the Bonds to a resident are not subject to income tax. The system of corporate earnings taxation in Estonia shifts from the moment of earning the profits to the moment of their **distribution.**

Generally, payments in respect of interest on the Bonds to a non-resident legal person are not subject to income tax. Interest earned on income by a non-resident (not acting through a permanent establishment) from Estonian source will be subject to withholding income tax at a rate of 20% only in case, if it is derived from the holding in a **contractual investment fund** or other pool of assets of whose property, at the time of the transfer or during a period within two years before transfer, more than 50 per cent was directly or indirectly made up of immovables or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of transfer.

Taxation on Disposition of Bonds

Payments to individuals

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Bonds received by a resident will be subject to a personal income tax at a rate of 20%. Income tax paid or withheld from the payment of interest in a foreign state may be deducted from income tax payable in Estonia only if the taxpayer submits a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax.

The disposition of the Bonds by non-residents will not be subject to Estonian income tax on capital gains.

Payments to entities

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Bonds received by a resident legal person are not subject to income tax. The system of corporate earnings taxation in Estonia shifts the moment of corporate taxation from the moment of earning the profits to the moment of their **distribution.**

The disposition of the Bonds by a non-resident legal person will not be subject to Estonian income tax on capital gains.

Registration and Stamp Duty

Transfers of the Bonds will not be subject to any registration or stamp duty in Estonia.

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall Estonian tax consequences of the ownership of the Bonds.

5.4 Terms and Conditions of the Offer

General Information

As indicated in this Base Prospectus, it is designated to (i) Bond issue Programme for the Offering of Bonds of the Company in the amount of up to EUR 60,000,000 and (ii) Admission thereof to trading on the Baltic Bond List of Nasdaq Vilnius.

The Issuer may issue Bonds up to an aggregate principal amount of EUR 60,000,000. The Bonds shall be issued and offered in tranches (the "Tranches", individually the "Tranche"). The terms and conditions of each Tranche shall consist of (i) the General Terms and Conditions of Bonds which are identified in Sections 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading* and 5.4 *Terms and Conditions of the Offer* and which shall apply to each Tranche and (ii) the Final Terms.

Thus, the Bonds of each of the Tranches will generally be subject to similar main terms, except that the following may differ, as specified in the respective Final Terms of the respective Tranche:

(a) the Issue Dates, nominal values of Bonds, Issue Prices of Bonds, Maturity Dates and annual interest rates;
(b) ranking of the Bonds and provision of collaterals (i.e. whether collaterals will rank *pari passu* with all other unsecured financial debt of the Issuer, or whether it shall be secured and will thus have priority in respect of the collateral);
(c) financial and other covenants, events of default.

The aggregate principal amount of Bonds of each of the Tranches shall be specified in the Final Terms. The Issuer may decrease the aggregate principal amount of a Tranche as set out in the Final Terms during the Subscription Period of that Tranche.

The Bonds will be offered for subscription for a minimum investment amount (the "Minimum Investment Amount"), which will be specified in the Final Terms.

General Structure of the Offering

This Programme consists of: (i) public offering(s) to Retail Investors and Institutional Investors in the Republic of Lithuania and in the Republic of Estonia, and/or (ii) private placement(s) (offering(s)) to Institutional Investors and Retail Investors in certain Member States of the EEA in each case pursuant to an exemption under Article 1 of the Prospectus Regulation.

Only such prospective Investors will be eligible to participate in the Offering who at or by the time of placing their orders (before the end of the Subscription Period) have opened securities accounts with entities of their choice which are licensed to provide such services within the territory of the Republic of Lithuania or of the Republic of Estonia.

Thus, according to the information, provided above, the Offering of each of the Tranche shall be structured in the following order:

(a) the Subscriptions as to acquisition of the Bonds of the respective Tranche shall be received from the Investors as well as paid according to the order, described in this Base Prospectus and in the Final Terms of the respective Tranche;
(b) based on the decision of the Management Board the Bonds shall be finally allocated to the Investors;
(c) the Bonds shall be registered with Nasdaq CSD and distributed to the Investors;
(d) the Bonds will be introduced to trading on Nasdaq Vilnius.

Subscription Procedure; invalidity or the Subscription Orders

The subscription period for each respective Tranche (the "Subscription Period") will be specified in the Final Terms, if any additional information shall be provided. The Investors wishing to subscribe/purchase the Bonds shall submit their orders to acquire the Bonds (the "Subscription Orders" or "Subscriptions") at any time during the Subscription Period.

The Subscription Orders may be submitted through any financial institutions (each a "Participating Institution") that are members of Nasdaq Vilnius. A complete and up to date list of these financial institutions can be found at the following address: https://www.nasdaqbaltic.com/statistics/en/members.

The treatment of Subscription Orders in the allocation is not determined on the basis of which institution they are made through.

Total amount of the Bonds to be acquired and indicated in each Subscription Order shall be for at least Minimum Investment Amount. The procedure of submission of the Subscription Orders will be specified in the Final Terms, if any additional information shall be provided.

Subscription Orders by the same legal entity or person will be aggregated into one, if all order parameters (except the purchase amount) are the same.

All Subscription Orders shall be binding and irrevocable commitment to acquire the allotted Bonds, with the exceptions stated below.

The Subscription Orders shall not be considered valid and shall not be processed in case the purchase amount indicated in the Subscription Orders is less than the Minimum Investment Amount or the Subscription Orders were received after the Subscription Period. Neither the Issuer, nor the Global Lead Manager has any obligation to inform the Investors about the fact that their Subscription Orders are invalid.

Place of Subscription

The places (exact addresses or other places, which also includes technical means of Nasdaq Vilnius) where the Subscriptions will be accepted will be indicated in the Final Terms.

Subscriptions will be accepted on a Subscription Orders, which will be available on the websites of the Issuer and of the Global Lead Manager and at the address (-es) indicated in the Final Terms and/or on the website of Nasdaq Vilnius, in case its technical means shall be used for the Subscription.

Subscriptions will be accepted if Investors have a brokerage account agreement with the Global Lead Manager or other entities of their choice, which are licensed to provide such services within the territory of the Republic of Lithuania and/ or in the Republic of Estonia.

Firms managing securities portfolios on a discretionary basis will have to place subscription orders for the Bonds by submitting the Subscription Order form along with a list of Investors on whose behalf the Subscription Order is placed. The list must include details required to be included in the Subscription Order form with respect to each Investor listed, and must be signed by persons authorised to represent the firm.

General information regarding the Subscription procedure

At the time of placing the Subscription Orders, Investors shall be required to make an irrevocable instruction for depositing the Bonds 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 Republic of Lithuania and/ or in the Republic of Estonia.

By placing a Subscription Order, each Investor will be deemed to have read this Base Prospectus, the Company's Articles of Association and the contract between the Company and the Agent and accepted their content, as well as have read the Final Terms of the respective Tranche of Bonds, consented to being allotted a lower number of Bonds than the number specified in such Investor's Subscription Order, or to not being allotted any Bonds at all, pursuant to the terms and conditions of the Offering.

An Investor will be allowed to submit a Subscription Order either personally or via a representative whom the Investor has authorized (in the form required by law) to submit the Subscription Order. 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 Orders.

An Investor must ensure that all information contained in the Subscription Order is correct, complete and legible. The Issuer reserves the right to reject any Subscription Orders that are incomplete, incorrect, unclear or ineligible, 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, during the Subscription Period and in accordance with all requirements set out in the terms and conditions of the Offering.

Any consequences of a form of Subscription for the Bonds being incorrectly filled out will be borne by the Investor.

Institutional Investors' Subscription Procedure

Institutional Investors will also be entitled to place multiple Subscription Orders.

The Institutional Investors should contact the Global Lead Manager for information on detailed rules governing the placement of Subscription Orders, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an investor.

Institutional Investors that manage assets on behalf of third parties will be allowed to submit a combined order in favour of their customers, attaching a list of such customers.

Withdrawal of the Subscription Orders

Subscription Orders for the Bonds of the respective Tranche may be withdrawn (and new orders placed) at any time until the end of the Subscription Period of the respective Tranche. An Investor will be liable for the payment of all fees charged by the intermediary, used by the Investor for Subscription of Bonds in connection with the withdrawal or amendment of the Subscription Order.

Furthermore, a Subscription for the Bonds may also be withdrawn when after the start of the Offering, a supplement is made public concerning an event or circumstances occurring before the allotment of the Bonds, of which the Issuer became aware before the allotment. The Investor who has made a Subscription before the publication of the supplement may withdraw such Subscription by submitting a written statement to the institution where the subscription was made, within 2 (two) Business Days as from the date of the publication of the supplement.

The above right of Investors to withdraw their Subscriptions shall only apply to the relevant Tranche and not to any other Tranches of Bonds under this Base Prospectus.

The repayments will be made (or the blocked funds will be released) in accordance with the Subscription Order within 3 (three) Business Days after making the statement on the Subscription cancellation.

Pricing

The nominal value and Issue Price shall be determined by the Issuer together with the Global Lead Manager and shall be announced prior to commencement of the Subscription Period. The nominal value of the Bond shall be at least EUR 1,000. The final nominal value and Issue Price of the respective Tranche Bonds will be determined by the Issuer together with the Global Lead Manager taking into account market demand for the Bonds of the respective Tranche and general market conditions at the time of the respective Tranche.

No Assignment or Transfer

Rights arising out of this Prospectus in relation to the subscription for the Bonds (including, without limitation, rights arising from any Subscription Orders 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.

Procedure and dates for payment for the Bonds

By submitting a Subscription Order, 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 Order is being submitted) to immediately block the whole transaction amount on the Investor's cash account until the payment for the allotted Bonds 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 multiplied by the amount of the Bonds, the respectice Investor wishes to subscribe for. An Investor may submit a Subscription Order only when there are sufficient funds on the cash account. If blocked funds are insufficient, the Subscription Oder will be deemed null and void to the extent funds are insufficient.

The Investors who have not been allotted any Bonds or whose Subscriptions have been reduced will receive reimbursements of the payment made upon placing the Subscription Order (or the blocked funds will be released) in accordance with instructions provided by each such Investor, as required under the procedures applicable in the investment firm with which the Subscription Order was placed. The reimbursement will take place (or the blocked funds will be released) within 10 (ten) Business Days as from the end of the Subscription Period or from the date of the publication of the supplement to this Base Prospectus on the cancellation of the Offering. The payments shall be returned (or the blocked funds will be released) without any reimbursement for costs incurred by the Investors in the course of subscribing for the Bonds, and shall be net of all transfer expenses and without interest.

Payments for the Bonds are interest free.

Allotment

On the next Business Day following the end of the Subscription Period or about that date the Issuer together with the Global Lead Manager will decide whether to proceed with the Offering of the Bonds of a Tranche or cancel the Offering of the respective Tranche.

In case the Offering of the Bonds of a Tranche is cancelled, the Issuer will publish an announcement on its website as well as submit this information to the Bank of Lithuania.

In case the Issuer decides to proceed with the Offering of the Bonds of a Tranche the following actions shall be taken on the next Business Day following the Subscription Period or about that date:

1. Allotment of the Bonds to the Investors

The Issuer together with the Global Lead Manager will establish the exact amount of the Bonds to be allotted with respect to each Subscription Order.

As a general principle, if the total number of the Bonds subscribed for is equal to or less than the number of the Bonds and the Issuer decides to proceed with the Offering of the respective Tranche of Bonds, the Bonds will be allotted based on Subscription Orders placed.

In case the total number of the Bonds subscribed for is higher than the number of the Bonds and the Issuer decides to proceed with the Offering and it is decided to reduce the Subscriptions placed, in case of Retail Investors, the proportionate reduction principle would be applicable and the Issuer will not give preferential treatment or discriminate against and between Retail Investors. As far as the allotment to the Institutional Investors is concerned, the Bonds may be allocated to them at an entirely discretional manner of the Issuer. If any additional provisions would be applied to allocation of the separate Tranche Bonds, these will be specified in the Final Terms for the Offering of the relevant Tranche.

The Issuer and the Global Lead Manager will not be obliged to allocate any Bonds to any Investors participating in the Offering. Furthermore, there will be no target minimum individual allotment to the Investors.

2. Confirmations

After completion of the allotment the Global Lead Manager shall submit a trade confirmation (the “Confirmation”) to each Investor. The Confirmation will evidence the extent of satisfaction or rejection of the Subscription Order submitted by the Investor, the number of Bonds allotted to the Investor.

3. Information about the Results of the Offering

Information about the results of the Offering of each Tranche (amount of the Bonds issued and aggregate principal amount of the respective Tranche) shall be published on the Issuer’s website www.auga.lt as well as at www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl, and at www.gpw.pl.

Cancellation, Suspension or Postponement of the Offering

The Issuer may cancel the Offering of Bonds of any Tranche, upon recommendation of the Global Lead Manager or at its own initiative, at any time prior to the Settlement 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 of any of the Tranche 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, as well as any other regulated market (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 the Bonds that have been made will be disregarded, and any Subscription payments made will be returned (or the blocked funds will be released) without interest or any other compensation.

If the Offering is suspended, the Issuer may decide that the Subscriptions made and payments made (or the blocking of funds) will be deemed to remain valid, however, for no longer than 7 (seven) Business Days. In such case, the Investors will be allowed to withdraw Subscriptions made by submitting a relevant statement to that effect within 2 (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 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 Orders and paid for the Subscription will get their payments back (or the blocked funds will be released):

- if the Offering is cancelled – within 3 (three) Business Days after the public announcement by the Company of the Offering cancellation;
- if the Offering is suspended – within 3 (three) Business Days after the date on which the Investor has made a statement cancelling his/her/its Subscription or 3 (three) Business Days after the date that the Issuer announces that the placed orders are not valid.

The timely repayment of money paid will be without any interest or compensation.

5.5 Admission to Trading

The Issuer shall submit an application regarding Admission of each Tranche of the Bonds to trading on Nasdaq Vilnius (the Baltic Bond List).

The decision as to admission of Bonds to trading on Nasdaq Vilnius shall be adopted by the Board of Nasdaq Vilnius. The Company shall take all the measures, established in Nasdaq rules, needed that the Bonds would be admitted to trading on Nasdaq Vilnius as soon as practicably possible.

The Issuer expects that the Bonds of the respective Tranche shall be admitted to trading on Nasdaq Vilnius within 6 (six) months as from placement thereof to the Investors the latest. Disregarding this, the Issuer will put its best endeavours so that these terms would be as short as practicable possible. If the Bonds of the respective Tranche are not admitted to trading, as indicated in this paragraph above, this would constitute the Event of Default, and the respective provisions of Section 5.3 *Information Concerning the Securities to be Offered and Admitted to Trading* would be applicable in such a case.

The Issuer shall also put its best efforts to ensure that the Bonds remain listed on the Nasdaq Vilnius. The Issuer shall, following a listing or Admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Bonds.

The Issuer will cover all costs which are related to the Admission of the Bonds to Nasdaq Vilnius.

The Issuer does not intend to apply for admission of the Bonds (or part thereof) to trading on other regulated markets or equivalent markets.

5.6 Form of the Final Terms

The following form will be used for defyning the Final Terms.

Table 11. Form of the Final Terms

Final Terms dated [___]
AUGA group AB
Issue of EUR [___] Tranche No. [___] of Bonds due [___]
under the Programme for the issuance of Bonds
in the total amount of up to EUR 60,000,000

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions set forth in the Base Prospectus of the offering Programme of Bonds of AUGA group AB in the total amount of up to EUR 60,000,000 and admission thereof to trading on the Baltic Bond List of Nasdaq Vilnius AB, dated [___] November 2019 [as supplemented by supplement(s) to it dated [[___] [and [___]] (the “Base Prospectus”), which constitutes a base prospectus for the purposes of Regulation 2017/1129 as may be amended from time to time (the “Prospectus Regulation”).

This document constitutes the Final Terms of Tranche No. [___] of the Bonds described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the Offering of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a Tranche (issue) specific summary of the Bonds is annexed to these Final Terms.

The Base Prospectus has been published on the Issuer's website www.auga.lt, on the Global Lead Manager's website www.lhv.ee, as well as on www.crib.lt, www.nasdaqbaltic.com, www.gpwinfostrefa.pl and www.gpw.pl.

1.	Issuer:	AUGA group AB
2.	Currency:	EUR
3.	Tranche number:	[___]
4.	ISIN Code:	[[___]]/[Temporary ISIN Code: [___]].
5.	Aggregate principal amount:	EUR [___] [in addition to [___]]. [*The Issuer may decrease the aggregate principal amount of the Tranche during the Subscription Period of the Tranche. The final aggregate principal amount of the Tranche will be specified in the notification regarding allotment of Bonds to the Investors, which will be published on the websites of the Company and Global Lead Manager after allotment thereof to the Investors.*]
6.	Number of Bonds	[___]
7.	Nominal amount of the Bond:	EUR [___]
8.	Expected Issue Date:	[___]
9.	Decision by which the Bonds of this Tranche are issued:	[___]
10.	Annual Interest Rate:	[___]
11.	Interest Payment Dates:	[___]
12.	Maturity Date:	[___]
13.	Minimum Investment Amount:	EUR [___]
14.	Issue Price of the Bond:	EUR [___]
15.	Subscription Period:	[___]
16.	Procedure for submission of the Subscription Orders:	[*If any additional information will be provided with regards to the respective Tranche of Bonds.*]
17.	Procedure for allotment of the Bonds and settlement:	[*If any additional information will be provided with regards to the respective Tranche of Bonds.*]
18.	Collateral:	[*If the collateral will be established, the necessary provisions shall be included in the Final Terms of the respective Tranche of Bonds.*]
19.	Escrow Account:	[*If collateral will be established and there will be a need to release all or part of the proceeds of Bonds prior to establishment and/or perfection of the Collateral, then the Escrow Account mechanism may be established to protect the interests of Bondholders and this section shall provide the necessary details of the respective Tranche of Bonds.*]
20.	Financial Covenants:	[*If any additional/different information will be provided with regards to the respective Tranche of Bonds.*]
21.	General Covenants:	[*If any additional/different information will be provided with regards to the respective Tranche of Bonds.*]
22.	Events of Default:	[*If any additional/different information will be provided with regards to the respective Tranche of Bonds.*]
23.	Early Optional Redemption:	[*If any additional/different information will be provided with regards to the respective Tranche of Bonds.*]
24.	Early Optional Redemption Amount:	[*To be included, if applicable to the respective Tranche of Bonds.*]
25.	Sub-agents for the Global Lead Manager (if any):	[___]
26.	Use of Proceeds:	[*If there is other identified use of proceeds than indicated in the Base Prospectus, this to be included in the Final Terms.*]
27.	Agent/Collateral Agent:	[*If for any reason the Agent or Collateral Agent of the respective Tranche of Bonds is different, than indicated in the Base Prospectus, this to be included in the Final Terms.*]
28.	Green Bond Certification:	[*Respective information to be included in the Final Terms, if applicable for the respective Tranche Bonds.*]

29.	Information about the bonds of the Issuer that are already admitted to trading on regulated markets:	[ ]
30.	Address(-es) where the Subscriptions will be accepted:	[ ]

Vilnius, [date] [month] [year]

5.7 Additional Information

Global Lead Manager

The Issuer has appointed 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, as the Global Lead Manager and Bookrunner for the purposes of the Offering and Admission of the Bonds to trading on Nasdaq Vilnius.

Placement Agreement

On 25 November 2019 the Issuer has entered, into a placement agreement (the “Placement Agreement”) in respect of the Programme with the Global Lead Manager, in which the Global Lead Manager committed to undertake certain actions in connection with organization of the Offering and Admission.

The Issuer 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 Bonds for the purposes of the Offering and Admission.

Following the preliminary calculations, the Issuer’s expenses, related to this Offering and Admission, shall comprise of up to 2.3 percent from the gross proceeds from the placement of the Bonds (including the fees for the Global Lead Manager, the legal counsel, fees to the Bank of Lithuania for approval of the Prospectus, fees to Nasdaq CSD and Nasdaq Vilnius and fees for the preparation of the Prospectus).

The Issuer agreed to pay all commissions and expenses in connection with the Offering and Admission. However, Investors will bear their own costs connected with the evaluation and participation in the Offering, e.g. standard brokerage fees charged by broker. Investors may incur currency exchange costs, which will depend on applicable transaction fee and applied exchange rate by their bank or brokerage company.

Documents Available

Throughout the period of validity of this Prospectus, the documents, indicated in Section 1.5 *Information Incorporated by Reference* will be available to the Investors.

No Market Maker for the Bonds

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 provides 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.

However, the Company has not signed any market maker agreement regarding market making for the Bonds, to be issued under the Programme.

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