

The logo for INVL, consisting of the letters 'INVL' in a bold, white, sans-serif font, enclosed within a white square border.

# BALTIC FARMLAND

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## **INVL Baltic Farmland, AB**

Consolidated Annual Report, Consolidated and Company's Financial Statements for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards as adopted by European Union



**Eglė Surplienė,  
Director of the Company signs the  
Consolidated and the Company's financial  
statements for the year 2023, also  
Consolidated Annual Report for the year  
2023 and Confirmation of responsible  
persons with a qualified electronic  
signature.**

**Raimondas Rajeckas,  
Person authorised to conduct accounting  
of the Company signs the Consolidated and  
the Company's financial statements for the  
year 2023 and Confirmation of responsible  
persons with a qualified electronic  
signature.**

## **CONFIRMATION OF RESPONSIBLE PERSONS**

29 February 2024

Following on Information Disclosure Rules of the Bank of Lithuania and the Law on Securities (article 12) of the Republic of Lithuania, management of INVL Baltic Farmland, AB hereby confirms that, to the best of our knowledge, the attached Consolidated and Company's Financial Statements for 2023 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss of INVL Baltic Farmland and Consolidated Group.

Presented Consolidated Annual Report for 2023 includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

### ENCLOSURE:

1. Consolidated and Company's Financial Statements for 2023.
2. Consolidated Annual Report for 2023.

Director

**Eglė Surplienė**  
(The document is signed with a qualified electronic signature)

Person authorised to conduct accounting

**Raimondas Rajeckas**  
(The document is signed with a qualified electronic signature)

**Translation note:**

This version of the financial statements has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

**CONTENTS**

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS:**

<b>DETAILS OF THE COMPANY</b> .....	<b>4</b>
<b>CONSOLIDATED AND COMPANY'S STATEMENTS OF COMPREHENSIVE INCOME</b> .....	<b>5</b>
<b>CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION</b> .....	<b>6</b>
<b>CONSOLIDATED AND COMPANY'S STATEMENTS OF CHANGES IN EQUITY</b> .....	<b>7</b>
<b>CONSOLIDATED AND COMPANY'S STATEMENTS OF CASH FLOWS</b> .....	<b>9</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>10</b>
1 GENERAL INFORMATION .....	10
2 SUMMARY OF MATERIAL ACCOUNTING POLICIES .....	11
3 FINANCIAL RISK MANAGEMENT .....	17
3.1. <i>Financial risk factors</i> .....	17
3.2. <i>Capital management</i> .....	19
4 FAIR VALUE ESTIMATION .....	20
5 SUBSIDIARIES .....	21
6 SEGMENT INFORMATION AND OPERATING LEASE COMMITMENTS.....	22
7 AGREEMENT ON THE ADMINISTRATION OF LAND PLOTS .....	24
8 LEGAL, PROFESSIONAL AND SECURITIES ADMINISTRATION FEES (INCLUDING REMUNERATION FOR STATUTORY AUDIT).....	24
9 INCOME TAX.....	25
10 EARNINGS PER SHARE .....	27
11 INVESTMENT PROPERTIES.....	27
12 FINANCIAL INSTRUMENTS BY CATEGORY .....	28
13 LOANS GRANTED TO SUBSIDIARIES AT AMORTISED COST .....	29
14 TRADE AND OTHER RECEIVABLES .....	30
15 SHARE CAPITAL, ACQUISITION OF OWN SHARES AND RESERVES .....	31
16 DIVIDENDS .....	32
17 RELATED PARTY TRANSACTIONS.....	32
<b>CONSOLIDATED ANNUAL REPORT</b> .....	<b>34</b>

## **DETAILS OF THE COMPANY**

### **Board of Directors**

Mr. Alvydas Banyš (chairman of the Board)  
Ms. Indrė Mišeikytė  
Mr. Tomas Bubinas

### **Management**

Ms. Eglė Surplienė (director)

### **Address of registered office and company code**

Gynėjų str. 14,  
Vilnius,  
Lithuania

Company code 303299781

### **Banks**

Luminor Bank AS Lithuanian branch  
AB Šiaulių Bankas

### **Auditor**

UAB PricewaterhouseCoopers  
J. Jasinskio str. 16B,  
Vilnius, Lithuania

The financial statements were approved and signed by the Management on 29 February 2024.

The document is signed with a qualified  
electronic signature

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Ms. Eglė Surplienė  
Director

The document is signed with a qualified  
electronic signature

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Mr. Raimondas Rajeckas  
Authorized person according to the  
agreement to conduct accounting  
Financial accounting service provider:  
AB Invalda INVL

## Consolidated and Company's statements of comprehensive income

	Notes	Group		Company	
		2023	2022	2023	2022
<b>Revenue</b>	6	<b>794</b>	<b>722</b>	-	-
Interest income		-	-	193	144
Other income		5	6	-	-
Share of net profit of subsidiaries accounted for using the equity method	5	-	-	2,531	1,901
Net gain from fair value adjustments on investment property	11	2,664	1,922	-	-
Land plots administration fees	7	(172)	(170)	-	-
Legal, professional and securities administration fees	8	(124)	(130)	(51)	(58)
(Provision for) reversal of impairment of trade receivables	14	(16)	-	-	-
Direct property operating expenses		(35)	(23)	-	-
Employee benefits expense		(11)	(10)	(2)	(2)
Other expenses		(11)	(7)	(8)	(5)
<b>Operating profit</b>		<b>3,094</b>	<b>2,310</b>	<b>2,663</b>	<b>1,980</b>
Finance costs		-	-	-	-
<b>Profit before income tax</b>		<b>3,094</b>	<b>2,310</b>	<b>2,663</b>	<b>1,980</b>
Income tax expense	9	(451)	(342)	(20)	(12)
<b>NET PROFIT FOR THE YEAR</b>		<b>2,643</b>	<b>1,968</b>	<b>2,643</b>	<b>1,968</b>
<b>Other comprehensive income for the year, net of tax</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,643</b>	<b>1,968</b>	<b>2,643</b>	<b>1,968</b>
Attributable to:					
Equity holders of the parent		2,643	1,968	2,643	1,968
Basic and diluted earnings per share (in EUR)	10	0.82	0.61		

## Consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties	11	20,756	18,092	-	-
Investments into subsidiaries accounted for using the equity method	5	-	-	15,661	13,130
Loans granted to subsidiaries at amortised cost	13	-	-	2,735	3,006
<b>Total non-current assets</b>		<b>20,756</b>	<b>18,092</b>	<b>18,396</b>	<b>16,136</b>
<b>Current assets</b>					
Trade and other receivables	14	131	126	12	10
Loans granted to subsidiaries at amortised cost (accrued interest)	13	-	-	4	30
Prepayments and deferred charges		1	2	1	2
Cash and cash equivalents	3.1	59	199	7	61
<b>Total current assets</b>		<b>191</b>	<b>327</b>	<b>24</b>	<b>103</b>
<b>TOTAL ASSETS</b>		<b>20,947</b>	<b>18,419</b>	<b>18,420</b>	<b>16,239</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	15	955	955	955	955
Own shares	15	(203)	(203)	(203)	(203)
Share premium		1,387	1,387	1,387	1,387
Reserves	15	3,237	3,237	3,211	3,211
Retained earnings		12,918	10,759	12,944	10,785
<b>Total equity</b>		<b>18,294</b>	<b>16,135</b>	<b>18,294</b>	<b>16,135</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred income tax liability	9	2,425	2,023	-	-
<b>Total non-current liabilities</b>		<b>2,425</b>	<b>2,023</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade payables		77	47	1	2
Income tax payable		47	118	9	12
Other current liabilities		104	96	116	90
<b>Total current liabilities</b>		<b>228</b>	<b>261</b>	<b>126</b>	<b>104</b>
<b>Total liabilities</b>		<b>2,653</b>	<b>2,284</b>	<b>126</b>	<b>104</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,947</b>	<b>18,419</b>	<b>18,420</b>	<b>16,239</b>

## Consolidated and Company's statements of changes in equity

Group	Notes	Reserves						Total
		Share capital	Own shares	Share premium	Legal reserve	Reserve for purchase of own shares	Retained earnings	
<b>Balance as at 31 December 2021</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>158</b>	<b>3,079</b>	<b>9,566</b>	<b>14,942</b>
Net profit for the year		-	-	-	-	-	1,968	<b>1,968</b>
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>1,968</b>	<b>1,968</b>
Dividends approved	16	-	-	-	-	-	(775)	<b>(775)</b>
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	-	-	<b>(775)</b>	<b>(775)</b>
<b>Balance as at 31 December 2022</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>158</b>	<b>3,079</b>	<b>10,759</b>	<b>16,135</b>
Net profit for the year		-	-	-	-	-	2,643	<b>2,643</b>
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>2,643</b>	<b>2,643</b>
Dividends approved	16	-	-	-	-	-	(484)	<b>(484)</b>
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	-	-	<b>(484)</b>	<b>(484)</b>
<b>Balance as at 31 December 2023</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>158</b>	<b>3,079</b>	<b>12,918</b>	<b>18,294</b>

## Consolidated and Company's statements of changes in equity (cont'd)

Company	Notes	Reserves						Total
		Share capital	Own shares	Share premium	Legal reserve	Reserve for purchase of own shares	Retained earnings	
<b>Balance as at 31 December 2021</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>132</b>	<b>3,079</b>	<b>9,592</b>	<b>14,942</b>
Net profit for the year		-	-	-	-	-	1,968	<b>1,968</b>
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>1,968</b>	<b>1,968</b>
Dividends approved	16	-	-	-	-	-	(775)	<b>(775)</b>
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	-	-	<b>(775)</b>	<b>(775)</b>
<b>Balance as at 31 December 2022</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>132</b>	<b>3,079</b>	<b>10,785</b>	<b>16,135</b>
Net profit for the year		-	-	-	-	-	2,643	<b>2,643</b>
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>2,643</b>	<b>2,643</b>
Dividends approved	16	-	-	-	-	-	(484)	<b>(484)</b>
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	-	-	<b>(484)</b>	<b>(484)</b>
<b>Balance as at 31 December 2023</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>132</b>	<b>3,079</b>	<b>12,944</b>	<b>18,294</b>

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated and Company's statements of cash flows**

	Notes	Group		Company	
		2023	2022	2023	2022
<b>Cash flows from (to) operating activities</b>					
Net profit for the year		2,643	1,968	2,643	1,968
<b>Adjustments for non-cash items and non-operating</b>					
Net gains from fair value adjustments on investment property	11	(2,664)	(1,922)	-	-
Share of net profit of subsidiaries accounted for using the equity method	5	-	-	(2,531)	(1,901)
Interest income		-	-	(193)	(144)
Deferred taxes	9	400	225	-	-
Current income tax expenses	9	51	117	20	12
Allowances	14	16	-	-	-
<b>Changes in working capital:</b>					
Decrease (increase) in trade and other receivables		(21)	36	(11)	9
Decrease (increase) in other current assets		1	(1)	1	(1)
(Decrease) increase in trade payables		30	(28)	(3)	(11)
(Decrease) increase in other current liabilities		(6)	22	4	16
<b>Cash flows from (to) operating activities</b>					
		<b>450</b>	<b>417</b>	<b>(70)</b>	<b>(52)</b>
Income tax paid		(117)	(53)	(10)	(17)
<b>Net cash flows from (to) operating activities</b>					
		<b>333</b>	<b>364</b>	<b>(80)</b>	<b>(69)</b>
<b>Cash flows from (to) investing activities</b>					
Acquisition of investment properties		-	-	-	-
Proceeds from sale of investment properties	11	-	450	-	-
Increase of share capital of subsidiaries	5	-	-	-	(3)
Dividends received	5	-	-	-	210
Loans granted	13	-	-	(17)	-
Repayment of granted loans	13	-	-	394	543
Interest received	13	-	-	122	112
<b>Net cash flows from (to) investing activities</b>					
		<b>-</b>	<b>450</b>	<b>499</b>	<b>862</b>
<b>Cash flows from (to) financing activities</b>					
Cash flows related to Group owners					
Dividends paid to equity holders of the parent	16	(473)	(759)	(473)	(759)
<b>Net cash flows from (to) financing activities</b>					
		<b>(473)</b>	<b>(759)</b>	<b>(473)</b>	<b>(759)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>					
		<b>(140)</b>	<b>55</b>	<b>(54)</b>	<b>34</b>
<b>Cash and cash equivalents at the beginning of the period</b>					
		<b>199</b>	<b>144</b>	<b>61</b>	<b>27</b>
<b>Cash and cash equivalents at the end of the period</b>					
		<b>59</b>	<b>199</b>	<b>7</b>	<b>61</b>

## Notes to the financial statements

### 1 General information

AB INVL Baltic Farmland (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania. It was established on 29 April 2014, following the split-off of 14.45% assets, equity and liabilities from AB Invalda INVL (company code 121304349). Entities, which business is investment into agricultural land and its rent, were transferred to the Company (hereinafter split-off).

The Group consists of the Company and its directly owned subsidiaries (hereinafter the Group, Note 5).

The address of the office is Gynėjų str. 14, Vilnius, Lithuania.

The Company manages shares of entities investing into agricultural land and provides finance. Now the Company has 100% shares in 18 companies owning approximately 3 thousand hectares of agricultural land in Lithuania (detailed list of subsidiaries is presented in Note 5), that is rented to farmers and agricultural companies. The Company focuses on growth of quality of owned land and environmental sustainability. The Group operates in one segment – agricultural land segment.

Investments into agricultural land are classified as long term and are recommended for investors who are satisfied with the return on rent and possible income from increase of agricultural land prices. Since prices of agricultural products are determined in the world markets, this investment allows participating in the world food supply chain.

As at 31 December 2023 and 2022 the shareholders of the Company were:

	2023		2022	
	Number of shares held	Percentage	Number of shares held	Percentage
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	977,751	29.70	977,751	29.70
Mrs. Irena Ona Mišeikienė	931,831	28.31	931,831	28.31
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	415,628	12.63	415,628	12.63
Mr. Alvydas Banys	252,875	7.68	252,875	7.68
Ms. Ilona Šulnienė	239,000	7.26	239,000	7.26
Ms. Greta Mišeikytė	65,758	2.00	65,758	2.00
Ms. Indrė Mišeikytė	64,450	1.96	64,450	1.96
The Company (own shares)	63,039	1.92	63,039	1.92
Other minor shareholders	281,217	8.54	281,217	8.54
<b>Total</b>	<b>3,291,549</b>	<b>100.00</b>	<b>3,291,549</b>	<b>100.00</b>

All the shares of the Company are ordinary shares with the par value of EUR 0.29, and were fully paid as at 31 December 2023 and 2022. Subsidiaries did not hold any shares of the Company as at 31 December 2023 and 2022.

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius from 4 June 2014.

As at 31 December 2023 the number of employees of the Group and the Company was 2 and 1, respectively. As at 31 December 2022 the number of employees of the Group and the Company was 2 and 1, respectively.

According to the Law on Companies of Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

## **2 Summary of material accounting policies**

The material accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2023 are as follows:

### **2.1. Basis of preparation**

#### Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand except when otherwise indicated. From 1 January 2015 the euro became local currency of the Republic of Lithuania.

#### Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group and the Company have adopted the new and amended IFRS and IFRIC interpretations that are effective for annual periods beginning on or after 1 January 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies*;
- Amendments to IAS 8: *Definition of Accounting Estimates*;
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- Amendments to IAS 12: *International Tax Reform—Pillar Two Model Rules*;
- IFRS 17 *Insurance Contracts*.

Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies*.

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have had an impact on the Group's and the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

All other amendments adopted as of 1 January 2023 had no impact on the Group's and Company's financial statements for the year ended 31 December 2023.

#### Standards adopted by the EU but not yet effective and have not been early adopted

Amendments to existing standards and new standards, which are adopted by the EU, but not yet effective, are not relevant to the Group and the Company.

#### Standards not yet adopted by the EU

Amendments to existing standards and new standards, which are not yet adopted by the EU, are not relevant to the Group and the Company.

## **2 Summary of material accounting policies (cont'd)**

### **2.2. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

### **2.3. Functional and presentation currency**

From 1 January 2015 the euro became local currency of the Republic of Lithuania. The financial statements are prepared in euro (EUR), which is local currency of the Republic of Lithuania, and presented in EUR thousand. Euro is the Company's and the Group's functional and presentation currency. The exchange rates in relation to other currencies are set daily by the European Central Bank and the Bank of Lithuania.

As these financial statements are presented in euro thousand, individual amounts were rounded. Due to the rounding, totals in the tables may not add up.

### **2.4. Investment properties**

Land that is held for long-term rental yields and for capital appreciation is classified as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income within "Net gains (losses) from fair value adjustments on investment property" in the year of retirement or disposal.

### **2.5. Investments into subsidiaries (the Company)**

Investments in subsidiaries are accounted for using the equity method of accounting. Under the equity method, the investment in the subsidiary is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the subsidiary. The reporting dates of the subsidiary and the Company are identical and the subsidiary's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

## **2 Summary of material accounting policies (cont'd)**

### **2.6. Financial assets and its impairment**

As the business model for the Group's and the Company's financial assets are held to collect contractual cash flows and they are solely payments of principal and interest, the Group and the Company have only financial assets measured at amortised cost. They comprised trade and other receivables, loans granted, cash and cash equivalents.

The Group and the Company assess on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Cash and cash equivalents and loans granted are considered to be low credit risk at the reporting date (Stage 1) as they have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. Therefore, the Group/the Company is not relevant a three-stage model for impairment for financial assets other than trade receivables. For Stage 1 financial assets 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

The financial assets are considered as credit-impaired, if objective evidence of impairment exist at the reporting date. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation.

Financial assets are written off, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor, unsuccessful enforcement through bailiffs.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are classified either to Stage 2 or Stage 3:

- Stage 2 – comprises receivables for which the simplified approach was applied to measure the expected lifetime credit losses, except for certain trade receivables classified in Stage 3;
- Stage 3 – comprises trade receivables which are overdue more than 360 days or individually identified as impaired.

The Group trade and other receivables mainly comprised receivables from farmers. The majority of farmers covered rental fee up to 1 April. Most remaining farmers pay rental fee in autumn after harvest. In November and December farmers pay variable part of rent, related to land tax. Mostly remaining trade receivables is covered within month after year-end or they are identified as individually impaired. Therefore, for Stage 2 trade receivables the ECL are calculated and recognised if would be determined material amount for potential impairment based on settlement of trade receivables after reporting date which are not individually impaired.

Impairment losses are presented as separate line item in the statement of comprehensive income.

### **2.7. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position and for purpose of the cash flow statement comprise cash at banks and short-term deposits with an original maturity of three months or less.

## **2 Summary of material accounting policies (cont'd)**

### **2.8. Financial liabilities**

The Group and the Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### **2.9. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

### **2.10. Leases**

#### Group's company is the lessor in an operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group's company are classified as operating leases. Payments, including pre-payments, received under operating leases (net of any incentives granted to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease. The Group account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

See Note 2.11 for the recognition of lease income.

### **2.11. Revenue recognition**

Revenue includes lease income, interest income and other income. Other income includes penalties from tenants for overdue payments.

#### Lease income

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The Group elected to recognise lease income for variable payment that depends on an index or a rate in the periods in which changes of index or rate occur. Variable lease payments that do not depend on an index or a rate are recognised as lease income in the periods in which the event or condition that triggers those payments occurs.

In the first quarter rental fee, except variable part related to land tax, is invoiced to the tenants. In the fourth quarter variable part of the rent related to land tax is invoiced to the tenants, when State tax authorities provide an estimate of the land tax and land tax expenses are recognised.

#### Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## **2 Summary of material accounting policies (cont'd)**

### **2.12. Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in Lithuania where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The standard income tax rate in Lithuania was 15 % in 2022 and 2023. Tax losses can be transferred at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Following the provisions of Law on Corporate Income Tax the sale of shares of subsidiaries to another entity or a natural person shall not be taxed where the entity transferring the shares held more than 10% of voting shares in that entity for an uninterrupted period of at least two years. If mentioned condition is met or is expected to be met by the management of the Company, no deferred tax liabilities or assets are recognised in respect of temporary differences associated with carrying amounts of these investments.

Tax losses can be carried forward indefinitely, unless the entity changes its activities. However, losses incurred as a result of the disposal of securities may be carried forward for five years. Previous year tax losses can only decrease the current year taxable profit by up to 70%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **2 Summary of material accounting policies (cont'd)**

### **2.13. Significant accounting judgements and estimates**

The preparation of financial statements requires management of the Group and the Company to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Judgements**

In the process of applying the Group accounting policies, management has not made any judgements, which has most significant effect on the amounts recognised in these financial statements.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant areas of estimation used in the preparation of these financial statements are discussed below.

#### **Fair value of investment properties in consolidated financial statements**

Fair value of investment properties was based on the market approach by reference to sales in the market of comparable properties. Market approach refers to the prices of the analogous transactions in the market. These values are adjusted for differences in key attributes such as land size and productivity.

The fair value of the investment properties as at 31 December 2023 was EUR 20,756 thousand (as at 31 December 2022 – EUR 18,092 thousand) (described in more details in Note 11).

### 3 Financial risk management

#### 3.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks and managed on an overall Group level by the Management Board. After signing land administration agreement most of operational and legal risks, as well as credit risk are managed by the third party UAB INVL Farmland Management. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. To limit operational risk, annual documentation reviews are held. This helps to limit legal risks as well in case a dispute arises and all the documentation is in place and of appropriate quality and can be used to prove the rights. Legal risk is limited as well by the fact that counterparties do not grant guarantees on each other.

The Group's and the Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's and the Company's operations. The Group and the Company have various financial assets such as trade and other receivables, loans granted and cash which arise directly from their operations. The Group and the Company have not used any derivative instruments and borrowings so far, as management considered that there is no necessity for them.

The main risks arising from the financial instruments are market risk (including currency risk, cash flow and fair value interest rate risk and price risk), liquidity risk and credit risk. The risks are identified and disclosed below.

#### Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, credit exposures to outstanding trade receivables and loans granted. As at 31 December 2022 the Group had a significant concentration of credit risk related to one tenant, with whom the lease agreement was terminated in 2019 (hereinafter – tenant A). As at 31 December 2023 the Group had a significant concentration of credit risk related to another tenant, with whom the lease agreement was terminated in 2023 (hereinafter – tenant B). The balance of trade receivable from tenant A comprises approximately 16% of the Group's trade and other receivables as at December 2022. As at 31 December 2022 the carrying amount of the receivable represents possibility to recovery of remaining amount by applying VAT credit from balance of bad debts, which was released in 2023. The balance of trade receivable from tenant B comprises approximately 10.5% of the Group's trade and other receivables as at 31 December 2023. Other tenants did not expose the Group to a significant concentration of credit risk. The credit risk is managed by the third party UAB INVL Farmland Management according to the agreement (Note 7). The third party seeks to ensure that lease contracts are entered into only with lessees with an appropriate credit history.

The maximum exposure to credit risk, impairment of financial assets is disclosed in Notes 13 and 14. In Note 14 is also disclosed credit risk exposure of trade receivable. There are no transactions of the Group or the Company that occur outside Lithuania.

With respect to credit risk arising from cash and cash equivalents the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

According to the European deposit insurance scheme, cash, cash equivalents and deposits of up to EUR 100 thousand of every legal entity in each bank are covered with insurance. All the Group's and the Company's balance of cash and cash equivalents are covered with the insurance. Therefore, all cash balances have a low credit risk at the reporting date and the impairment loss determined on 12-month expected credit losses is resulted in an immaterial amount.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the banks:

	Group		Company	
	2023	2022	2023	2022
Moody's short-term ratings				
Prime-2	59	199	7	61
	59	199	7	61

### 3 Financial risk management (cont'd)

#### 3.1 Financial risk factors (cont'd)

##### Market risk

###### *Cash flow and fair value interest rate risk*

The Group has no borrowings and loans granted. The Company has loans granted to its subsidiaries with fixed interest rates for one year. Therefore, the Group and the Company are not exposed to cash flow interest rate risk.

###### *Foreign exchange risk*

The Group and the Company holds assets and liabilities denominated only in the euro. Therefore, the Group and the Company are not exposed to foreign exchange risk.

###### *Price risk*

The Group is not exposed to price risk of financial instruments as it does not hold any equity securities or commodities. The Company is not exposed to price risk of financial instruments as it does not hold any equity securities (except subsidiaries accounting for using equity method of accounting) or commodities.

##### Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents. The liquidity risk of the Group and the Company is controlled on an overall Group level. The Group and the Company have not been facing any liquidity issues so far. The proceeds from rent and cash balances are sufficient to settle all liabilities. The Company receives repayment of granted loans and interest from subsidiaries to finance its activities.

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2023 was approximately 0.84 (1.25 as at 31 December 2022). The Company's liquidity ratio as at 31 December 2023 was approximately 0.19 (0.99 as at 31 December 2022).

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted payments.

	<b>On demand</b>	<b>Less than 3 months</b>	<b>4 to 12 months</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Trade payables	-	77	-	-	-	77
Other liabilities	83	18	-	-	-	101
<b>Balance as at 31 December 2023</b>	<b>83</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178</b>
Trade payables	-	47	-	-	-	47
Other liabilities	72	23	-	-	-	95
<b>Balance as at 31 December 2022</b>	<b>72</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142</b>

### 3 Financial risk management (cont'd)

#### 3.1 Financial risk factors (cont'd)

##### Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted payments.

	<b>On demand</b>	<b>Less than 3 months</b>	<b>4 to 12 months</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Trade payables	-	1	-	-	-	1
Other liabilities	83	30	-	-	-	113
<b>Balance as at 31 December 2023</b>	<b>83</b>	<b>31</b>	-	-	-	<b>114</b>
Trade payables	-	2	-	-	-	2
Other liabilities	72	17	-	-	-	89
<b>Balance as at 31 December 2022</b>	<b>72</b>	<b>19</b>	-	-	-	<b>91</b>

#### 3.2. Capital management

The primary objective of the capital management is to ensure that the Group and the Company maintain a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts, as well as provide the Group's management with necessary information.

The Group's and the Company's capital comprises share capital, share premium, reserves and retained earnings.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 2023 and 2022.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Company and the subsidiaries complied with this requirement as at 31 December 2023 and 2022, except one dormant subsidiary as at 31 December 2023 and 2022. There are no plans yet to rectify the situation.

#### 4 Fair value estimation

##### *Assets carried at fair value*

The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value in the statement of financial position as at 31 December 2023.

	Level 1	Level 2	Level 3	Total balance
<b>Assets of the Group</b>				
Investment properties (Note 11)	-	20,756	-	20,756

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value in the statement of financial position as at 31 December 2022.

	Level 1	Level 2	Level 3	Total balance
<b>Assets of the Group</b>				
Investment properties (Note 11)	-	18,092	-	18,092

There were no transfers of assets between the levels of the fair value hierarchy during 2023 and 2022.

There were no liabilities measured at fair value in the Group's and the Company's statements of financial position.

##### *Financial instruments that are not carried at fair value*

The Group's and the Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, loans granted, trade and other payables.

The carrying amount of the cash and cash equivalents, trade and other receivables, trade and other payables of the Group and the Company as at 31 December 2023 and 2022 reasonably approximated their fair value because they are short-term and the impact of discounting is immaterial.

The carrying amount of loans granted by the Company approximates their fair value because the interest rates are reviewed at the end of each financial year and adjusted in line with market rates changes. Their fair value is based on cash flows discounted using 9% and 7% interest rate as at 31 December 2023 and 2022, respectively. It is Level 3 fair value measurement.

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

## 5 Subsidiaries

The Group had the following subsidiaries, owned directly by the Company, as at 31 December 2023 and 2022:

Name	Country of incorporation and place of business	Proportion of shares (voting rights) directly held by the Company (%)	Nature of business
UAB Avižėlė	Lithuania	100.00	Agricultural landowner and lessor
UAB Beržytė	Lithuania	100.00	Agricultural landowner and lessor
UAB Dirvolika	Lithuania	100.00	Agricultural landowner and lessor
UAB Duonis	Lithuania	100.00	Agricultural landowner and lessor
UAB Ekotra	Lithuania	100.00	Agricultural landowner and lessor
UAB Kvietukas	Lithuania	100.00	Agricultural landowner and lessor
UAB Laukaitis	Lithuania	100.00	Agricultural landowner and lessor
UAB Lauknešys	Lithuania	100.00	Agricultural landowner and lessor
UAB Linažiedė	Lithuania	100.00	Agricultural landowner and lessor
UAB Pušaitis	Lithuania	100.00	Agricultural landowner and lessor
UAB Puškaitis	Lithuania	100.00	Agricultural landowner and lessor
UAB Sėja	Lithuania	100.00	Agricultural landowner and lessor
UAB Vasarojus	Lithuania	100.00	Agricultural landowner and lessor
UAB Žalvė	Lithuania	100.00	Agricultural landowner and lessor
UAB Žemgalė	Lithuania	100.00	Agricultural landowner and lessor
UAB Žemynėlė	Lithuania	100.00	Agricultural landowner and lessor
UAB Žiemkentys	Lithuania	100.00	Agricultural landowner and lessor
UAB Cooperor	Lithuania	100.00	Dormant

All subsidiary undertakings are included in the consolidation.

The following table presents the movements of investments in subsidiaries of the Company:

	2023	2022
<b>At 1 January</b>	<b>13,130</b>	<b>11,436</b>
Share of net profit of subsidiaries	2,531	1,901
Dividends received	-	(210)
Increase of share capital	-	3
<b>At 31 December</b>	<b>15,661</b>	<b>13,130</b>

## **6 Segment information and operating lease commitments**

Management of the Company has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All financial information, including the measure of profit, total assets and total liabilities, is analysed as a single reporting segment - agricultural land segment, therefore is not further disclosed in these financial statements. The Company and its subsidiaries are domiciled in Lithuania. There are no transactions of the Group or the Company that occur outside Lithuania. Therefore, the management has neither analysed revenue, nor other financial indicators by geographical areas. All revenue of the Group is received from one type of service – rent of land. Therefore, the Group has not disclosed any breakdown of revenue by product and services type and by geographical areas.

In 2023 and in 2022 there is no single customer from which the Group has received more than 10% of its revenue.

### Operating lease commitments – Group as a lessor

The Group has entered into leases of the Group's investment properties under operating lease agreements with rentals payable yearly in two parts. First part of rent is payable until 1 April according to the most Group's lease agreements. Second part of rent related to land tax is payable in November – December. Most of the agreements have remaining terms of between 1 and 5 years. The most Group's lease agreements have clause for indexation on consumer price index or unilaterally right to increase rent by notice. Approximately 11% of land plots is leased with clause of agreement that lessee could have to pay surcharge that depends on milling wheat futures price change. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the land.

Cancellable lease agreements can be cancelled under the following terms:

- Tenants must notify the lessor 12 months in advance if they wish to cancel the rent agreement without any reason and have to pay annual rent fee for these 12 months.
- The lessor has the right to unilaterally change the rent price for the coming year and must notify the tenant about the change till 1 May of the current year. If tenants do not agree with the new rent price, they can terminate the agreement with notification of 3 months in advance.

In 2023 lease income relating to variable lease payments that do not depend on an index or a rate was EUR 33 thousand (2022: EUR 37 thousand).

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

**6 Segment information and operating lease commitments (cont'd)**

Future lease receivable under operating leases as at 31 December were as follows:

	<u>2023</u>	<u>2022</u>
Within one year		
- non-cancellable lease	779	754
- non-cancellable amount of cancellable lease	<u>4</u>	<u>3</u>
- <i>minimum lease payments total</i>	783	757
Between 1 and 2 years		
- non-cancellable lease	<u>600</u>	<u>646</u>
- <i>minimum lease payments total</i>	600	646
- cancellable amount of cancellable lease	<u>-</u>	<u>3</u>
	600	649
Between 2 and 3 years		
- non-cancellable lease	<u>310</u>	<u>502</u>
- <i>minimum lease payments total</i>	310	502
- cancellable amount of cancellable lease	<u>-</u>	<u>-</u>
	310	502
Between 3 and 4 years		
- non-cancellable lease	<u>204</u>	<u>209</u>
- <i>minimum lease payments total</i>	204	209
- cancellable amount of cancellable lease	<u>-</u>	<u>-</u>
	204	209
Between 4 and 5 years		
- non-cancellable lease	<u>121</u>	<u>134</u>
- <i>minimum lease payments total</i>	121	134
- cancellable amount of cancellable lease	<u>-</u>	<u>-</u>
	121	134
After five years		
- non-cancellable lease	<u>81</u>	<u>137</u>
- <i>minimum lease payments total</i>	81	137
- cancellable amount of cancellable lease	<u>3</u>	<u>3</u>
	84	140
Total	<u><b>2,102</b></u>	<u><b>2,391</b></u>
- non-cancellable lease	2,095	2,382
- non-cancellable of cancellable lease	<u>4</u>	<u>3</u>
- <i>minimum lease payments total</i>	2,099	2,385
- cancellable amount of cancellable lease	<u>3</u>	<u>6</u>

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

**7 Agreement on the administration of land plots**

The Group has signed land plot administration agreement with UAB INVL Farmland Management on 30 June 2015. UAB INVL Farmland Management, is a company owned by AB Invalda INVL. The agreement came into force on 1 July 2015. According to the agreement administration fees paid to UAB INVL Farmland Management will be 7% of annual rent revenues and 0.5% market capitalization of AB INVL Baltic Farmland. Success fee is also set, and it consists of 20% from the share of the return exceeding the pre-determined annual return of 5% plus inflation. If the carrying amount of past due trade receivables arising from the current year would exceed 5% of annual turnover (revenue plus VAT), the excess shall be fully compensated by UAB INVL Farmland Management. If the Group receive the compensated trade receivables, the compensation is returned to UAB INVL Farmland Management. The split of administration fees is presented in the table below:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Administration fees from rent revenues and market capitalisation	172	170
Compensation for past due trade receivables	-	-
Success fee	-	-
<b>Total</b>	<b>172</b>	<b>170</b>

**8 Legal, professional and securities administration fees (including remuneration for statutory audit)**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Accounting services	(72)	(75)	(11)	(13)
The Group's and the Company's statutory audit fee	(21)	(22)	(21)	(22)
Securities administration fees	(19)	(22)	(19)	(22)
Valuation services	(8)	(8)	-	-
Legal fees	(4)	(3)	-	(1)
<b>Total</b>	<b>(124)</b>	<b>(130)</b>	<b>(51)</b>	<b>(58)</b>

From 2014 the Group's and the Company's statutory audit was performed by UAB PricewaterhouseCoopers. In 2022 and 2023 UAB PricewaterhouseCoopers did not provide any non-audit services (including other assurance services and tax advisory services).

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

**9 Income tax**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Components of the income tax expenses</b>				
Current year income tax	(51)	(117)	(20)	(12)
Deferred income tax expenses	(400)	(225)	-	-
Income tax expenses charged to profit or loss – total	<u>(451)</u>	<u>(342)</u>	<u>(20)</u>	<u>(12)</u>

There is no income tax expense (credit) recognised in other comprehensive income or directly in equity.

Deferred income tax asset and liability were estimated at 15% rates as at 31 December 2023 and 2022.

The movement in deferred income tax assets and liabilities of the Group during 2023 is as follows:

	<b>Balance as at 31 December 2022</b>	<b>Recognised in profit or loss during the year</b>	<b>Correction of tax losses within group</b>	<b>Balance as at 31 December 2023</b>
<b>Deferred tax asset</b>				
Tax loss carry forward for indefinite period of time	4	-	(2)	2
Recognised deferred income tax asset	4	-	2	2
Asset netted with liability of the same legal entities	(4)	-	2	(2)
<b>Deferred income tax asset, net</b>	-	-	-	-
<b>Deferred tax liability</b>				
Investment properties	(2,027)	(400)	-	(2,427)
Deferred income tax liability	(2,027)	(400)	-	(2,427)
Liability netted with asset of the same legal entities	4	-	(2)	2
<b>Deferred income tax liability, net</b>	<b>(2,023)</b>	<b>(400)</b>	<b>(2)</b>	<b>(2,425)</b>
<b>Deferred income tax, net</b>	<b>(2,023)</b>	<b>(400)</b>	<b>(2)</b>	<b>(2,425)</b>

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

**9 Income tax (cont'd)**

The movement in deferred income tax assets and liabilities of the Group during 2022 is as follows:

	<b>Balance as at 31 December 2021</b>	<b>Recognised in profit or loss during the year</b>	<b>Balance as at 31 December 2022</b>
<b>Deferred tax asset</b>			
Tax loss carry forward for indefinite period of time	3	1	4
Recognised deferred income tax asset	3	1	4
Asset netted with liability of the same legal entities	(3)	(1)	(4)
<b>Deferred income tax asset, net</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liability</b>			
Investment properties	(1,801)	(226)	(2,027)
Deferred income tax liability	(1,801)	(226)	(2,027)
Liability netted with asset of the same legal entities	3	1	4
<b>Deferred income tax liability, net</b>	<b>(1,798)</b>	<b>(225)</b>	<b>(2,023)</b>
<b>Deferred income tax, net</b>	<b>(1,798)</b>	<b>(225)</b>	<b>(2,023)</b>

The Company has not any taxable temporary differences in 2023 and 2022 and has not recognised any deferred tax assets or liabilities.

The Group's deferred tax liability will be recovered after more than 12 months.

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the Group and the Company is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Profit before income tax</b>	<b>3,094</b>	<b>2,310</b>	<b>2,663</b>	<b>1,980</b>
Tax calculated at the tax rate of 15 %	(464)	(347)	(399)	(297)
Tax effect of non-deductible expenses and non-taxable income	13	5	379	285
Income tax expenses recorded in the statement of comprehensive income	(451)	(342)	(20)	(12)

In 2023 and 2022 non-taxable income of the Company was share of net profit of subsidiaries accounted for using the equity method.

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

## 10 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for 2023 and 2022 was 3,228 thousand.

The following table reflects the income and share data used in the basic earnings per share computations:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Net profit (loss), attributable to the equity holders of the parent	2,643	1,968
Weighted average number of ordinary shares (thousand)	3,228	3,228
Basic earnings (deficit) per share (EUR)	<u>0.82</u>	<u>0.61</u>

For 2023 and 2022 diluted earnings per share of the Group and the Company are the same as basic earnings per share.

## 11 Investment properties

The movements of investment properties during 2023 and 2022 were:

	<b>2023</b>	<b>2022</b>
	<b>Level 2</b>	
<b>Fair value hierarchy</b>		
<b>Balance as at 1 January</b>	<b>18,092</b>	<b>16,620</b>
Gain from fair value adjustment	2,665	1,922
Loss from fair value adjustment	-	-
Demolition in 2023/Disposals in 2022	(1)	(450)
<b>Balance as at 31 December</b>	<b>20,756</b>	<b>18,092</b>
<b>Unrealised gains and losses for the period included within 'Net gains (losses) from fair value adjustments on investment property' in the statement of comprehensive income</b>	<b>2,665</b>	<b>1,572</b>

Investment properties are stated at fair value and are valued by accredited valuer UAB korporacija Matininkai using sales comparison method. The valuations were performed in December 2023 and in December 2022.

The fair value represents the price that would be received selling an asset in an orderly transaction between market participants at the measurement date. An investment property's fair value was based on the market approach by reference to sales in the market of comparable properties. Market approach refers to the prices of the analogues transactions in the market. These values are adjusted for differences in key attributes such as land plot size and productivity. The most significant input into this valuation approach is price per hectare.

There were no changes to the valuation techniques during the period.

During 2023 the Group has not sold any investment properties. In March 2022 the Group sold 17.2882 ha land for EUR 450 thousand to UAB Mantinga. In 2022 was recognised profit of EUR 350 thousand from the sale. It should be noted that the difference between the sale price and carrying amount of the land is based on the fact that the buyer of the land does not plan to use the land according to its agricultural purpose. Therefore, the transaction does not have impact to fair value of other land, owned by the Group.

On 1 May 2014 changes to the Agricultural Land Acquisition temporary law entered into force, providing restrictions of the purchase of agricultural land (including restriction of purchase of shares in the legal entity owning agricultural land). These restrictions mean that the Group cannot purchase additional agricultural land and/or acquire shares in entities owning agricultural land. As a result of restrictions the land sale market in Lithuania became less liquid.

There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during 2023 and 2022. No contractual obligations to purchase investment properties existed at the end of the period.

(all amounts are in EUR thousand unless otherwise stated)

## 12 Financial instruments by category

<b>Group</b>	Financial assets at amortised cost	
	<b>2023</b>	<b>2022</b>
<b>Assets as per statement of financial position</b>		
Trade and other receivables excluding tax prepayments	92	91
Cash and cash equivalents	59	199
<b>Total</b>	<b>151</b>	<b>290</b>

<b>Company</b>	Financial assets at amortised cost	
	<b>2023</b>	<b>2022</b>
<b>Assets as per statement of financial position</b>		
Loans granted to subsidiaries – non-current assets	2,735	3,006
Loans granted to subsidiaries – interest	4	30
Trade and other receivables excluding tax prepayments	12	10
Cash and cash equivalents	7	61
<b>Total</b>	<b>2,758</b>	<b>3,107</b>

<b>Group</b>	Financial liabilities at amortised cost	
	<b>2023</b>	<b>2022</b>
<b>Liabilities as per statement of financial position</b>		
Trade payables	77	47
Other current liabilities excluding taxes and employee benefits	101	95
<b>Total</b>	<b>178</b>	<b>142</b>

<b>Company</b>	Financial liabilities at amortised cost	
	<b>2023</b>	<b>2022</b>
<b>Liabilities as per statement of financial position</b>		
Trade payables	1	2
Other current liabilities excluding taxes and employee benefits	113	89
<b>Total</b>	<b>114</b>	<b>91</b>

(all amounts are in EUR thousand unless otherwise stated)

### 13 Loans granted to subsidiaries at amortised cost

The Company's loans granted are described below:

	<u>2023</u>	<u>2022</u>
Loans granted to subsidiaries	2,739	3,036
<b>Total loans granted</b>	<b><u>2,739</u></b>	<b><u>3,036</u></b>

The movements of loans granted to subsidiaries during the year were:

<b>Balance as at 31 December 2021</b>	<b><u>3,547</u></b>
Loans granted during year	-
Loans repayment received	(543)
VAT receivable arising from interest on loans granted to subsidiaries converted to loans granted	-
Interest charged	144
Interest received	<u>(112)</u>
<b>Balance as at 31 December 2022</b>	<b><u>3,036</u></b>
Loans granted during year	17
Loans repayment received	(394)
VAT receivable arising from interest on loans granted to subsidiaries converted to loans granted	9
Interest charged	193
Interest received	<u>(122)</u>
<b>Balance as at 31 December 2023</b>	<b><u>2,739</u></b>

The contractual maturity of loans granted to subsidiaries is 31 December 2023 according to the agreements, but the Company classifies them as long term, because intends to prolong them on maturity date. Effective interest rate of loans is 9%. At each year end maturity of the loans granted is prolonged for one extra year and new market interest rate is determined.

While the loans granted to the subsidiaries are the main liabilities of the subsidiaries and the fair values of investment properties owned by the subsidiaries are approximately 3.1 – 20.8 times higher than the carrying amounts of the loans granted, they were considered as low credit risk financial assets at the reporting date (attributable to Stage 1 financial assets). This is because even if loans granted were covered in the case of forced sale of investment properties, the Company considers that the loss given default would amount to zero. As at 31 December 2023 and 2022, the Company's loans granted were neither overdue nor impaired and they had no history of counterparty defaults. The Company's policy is to grant loans only to the subsidiaries controlled by it. The maximum credit risk as at the financial reporting date is the carrying amount of each category of amounts receivable as indicated above. The Company does not hold any collateral, but investment properties owned by the subsidiaries are not pledged to any other party and in fact secure loans granted.

The carrying amount of loans granted by the Company approximates their fair value because the interest rates are reviewed at the end of each year and adjusted when market rates change. Their value is based on cash flows discounted using 9% and 7% interest rate as at 31 December 2023 and 2022, respectively. It is Level 3 fair value measurement.

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

**14 Trade and other receivables**

	Group		Company	
	2023	2022	2023	2022
Trade receivables, gross	167	152	-	-
Accrued lease income, gross	72	70	-	-
Other receivables, gross	-	-	12	10
Taxes receivable, gross	39	35	-	-
<b>Total trade and other receivable, gross</b>	<b>278</b>	<b>257</b>	<b>12</b>	<b>10</b>
Less: provision for impairment of trade and other receivables	(21)	(2)	-	-
Less: Write off still subject to enforcement activity	(126)	(129)	-	-
<b>Trade and other receivable net of expected credit losses</b>	<b>131</b>	<b>126</b>	<b>12</b>	<b>10</b>

The Company's other receivables comprise VAT receivable arising from interest on loans granted to subsidiaries (the Company has elected to calculate VAT from interest). The receivable was settled in January 2024 and 2023, respectively.

Changes in provision for impairment of trade and other receivables for the year 2023 and 2022 have been included within 'Provision for (reversal of) impairment of trade receivables' in the statement of comprehensive income.

The Group's trade and other receivables are non-interest bearing and are generally with a credit term of 30 days. First part of rent is payable until 1 April according to the most Group's lease agreements.

Movements in the accumulated impairment losses on credit impaired accounts receivable of the Group and in the write-off were as follows:

	Group		
	Impairment losses	Write off still subject to enforcement activity	Total
<b>Balance as at 31 December 2021</b>	<b>2</b>	<b>153</b>	<b>155</b>
Charge for the year	-	-	-
Enforcement activity ended	-	(24)	(24)
Recoveries of amounts previously impaired or written off	-	-	-
Reclassification to write-off	-	-	-
<b>Balance as at 31 December 2022</b>	<b>2</b>	<b>129</b>	<b>131</b>
Charge for the year	19	-	19
Enforcement activity ended	-	-	-
Recoveries of amounts previously impaired or written off	-	(3)	(3)
Reclassification to write-off	-	-	-
<b>Balance as at 31 December 2023</b>	<b>21</b>	<b>126</b>	<b>147</b>

(all amounts are in EUR thousand unless otherwise stated)

#### 14 Trade and other receivables (cont'd)

The credit risk exposure of trade receivables can be assessed on the ageing analysis disclosed below:

	Current	Less than 30 days	30–90 days	91–180 days	181 – 365 days	Credit impaired	Total
<b>As at 31 December 2023</b>							
Trade receivables net of write off	-	1	-	-	-	40	41
Accrued lease income	72	-	-	-	-	-	72
Other receivables	-	-	-	-	-	-	-
Expected credit losses	-	-	-	-	-	(21)	(21)
<b>Trade and other receivable net of expected credit losses</b>	<b>72</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>92</b>
<b>As at 31 December 2022</b>							
Trade receivables net of write off	-	-	-	-	-	23	23
Accrued lease income	70	-	-	-	-	-	70
Other receivables, gross	-	-	-	-	-	-	-
Expected credit losses	-	-	-	-	-	(2)	(2)
<b>Trade and other receivable net of expected credit losses</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>91</b>

The ageing analysis of the credit impaired of trade receivables disclosed below:

	Current	Less than 30 days	30–90 days	91–180 days	181 – 365 days	More than 1 years	Total
Trade receivables net of write off as at 31 December 2023	-	2	-	-	35	3	40
Trade receivables net of write off as at 31 December 2022	-	-	-	-	-	23	23

#### 15 Share capital, acquisition of own shares and reserves

The total authorised number of ordinary shares is 3,291,549 (as of 31 December 2022: 3,291,549 shares) with a par value of EUR 0.29 per share. All the shares of the Company were fully paid. The Company's share capital and equity was formed in accordance with the procedure set forth in the terms of split-off on 29 April 2014. The Company holds 63,039 own shares (1.92% of share capital).

There are not any changes in 2023 and 2022.

##### Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses.

##### Reserve for the acquisition of own shares

Reserve for the acquisition of own shares is formed for the purpose of buying own shares in order to keep their liquidity and manage price fluctuations. It can be formed by shareholders' decision at the Annual Shareholders Meeting from the profit available for distribution. The reserve cannot be used to increase the share capital. The reserve does not change when Company acquires own shares, but is utilised when own shares are cancelled. The shareholders can decide to transfer unused amounts of the reserve back to retained earnings at the Annual Shareholders Meeting.

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

## 16 Dividends

A dividend in respect of the year ended 31 December 2022 of EUR 0.15 per share, amounting to a total dividend of EUR 484 thousand, was approved at the annual general meeting on 29 March 2023.

A dividend in respect of the year ended 31 December 2021 of EUR 0.24 per share, amounting to a total dividend of EUR 775 thousand, was approved at the annual general meeting on 27 April 2022.

Movement in dividends payable (presented within "Other current liabilities" in the statement of financial position) is presented in the table below:

	<b>Group/Company</b>	
	Dividends payable	
	<b>2023</b>	<b>2022</b>
<b>As at 1 January</b>	<b>72</b>	<b>56</b>
Dividends paid to equity holders of the parent	(473)	(759)
Approved dividends	484	775
<b>As at 31 December</b>	<b>83</b>	<b>72</b>

## 17 Related party transactions

The related parties of the Group were the shareholders of the Company, who have significance influence (Note 1), key management personnel, including companies under control or joint control of key management and shareholders having significant influence. According to IAS 24, AB Invalda INVL and the entities controlled by AB Invalda INVL are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over AB Invalda INVL through shareholders' agreement.

The Group's transactions with related parties during 2023 and related balances as at 31 December 2023 were as follows:

<b>2023</b>	<b>Sales to related</b>	<b>Purchases from</b>	<b>Receivables from</b>	<b>Payables to</b>
<b>Group</b>	<b>parties</b>	<b>related parties</b>	<b>related parties</b>	<b>related parties</b>
AB Invalda INVL (accounting services)	-	72	-	5
UAB INVL Farmland Management (administration fees)	-	172	-	74
AB Invalda INVL group (reimbursement of expenses for insurance)	-	4	-	-
	-	248	-	79

The Group's transactions with related parties during 2022 and related balances as at 31 December 2022 were as follows:

<b>2022</b>	<b>Sales to related</b>	<b>Purchases from</b>	<b>Receivables from</b>	<b>Payables to</b>
<b>Group</b>	<b>parties</b>	<b>related parties</b>	<b>related parties</b>	<b>related parties</b>
AB Invalda INVL (accounting services)	-	75	-	5
UAB INVL Farmland Management (administration fees)	-	170	-	45
AB Invalda INVL group (reimbursement of expenses for insurance and webpage)	-	4	-	-
	-	249	-	50

**AB INVL BALTIC FARMLAND, company code 303299781, Gynėjų str. 14, Vilnius, Lithuania**  
**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(all amounts are in EUR thousand unless otherwise stated)

**17 Related party transactions (cont'd)**

The Company's related parties are the subsidiaries (Note 5), shareholders, who have significance influence (Note 1), key management personnel and companies under control or joint control of key management and shareholders with significant influence. According to IAS 24, AB Invalda INVL and the entities controlled by AB Invalda INVL are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over AB Invalda INVL through shareholders' agreement.

Transactions of the Company with subsidiaries in 2023 and 2022 and related balances as at 31 December 2023 and 2022 were as follows:

Company	2023		2022	
	Interest income from related parties	Receivables from related parties	Interest income from related parties	Receivables from related parties
Loans and borrowings	193	2,739	144	3,036
VAT receivable arising from interest	-	12	-	10
	<u>193</u>	<u>2,751</u>	<u>144</u>	<u>3,046</u>

The maturity of loans granted is till 31 December 2024, effective interest rate 9% (Note 13). As at 31 December 2022 the maturity of loans granted was till 31 December 2023, effective interest rate 7% (Note 13).

In 2023 the Company have purchased tax losses from subsidiaries for EUR 2 thousand.

The Company's transactions with other related parties during 2023 and 2022 and related balances as at 31 December 2023 and 2022 were as follows:

Company	2023		2022	
	Purchases from related parties	Payables to related parties	Purchases from related parties	Payables to related parties
AB Invalda INVL (accounting services)	11	5	13	5
AB Invalda INVL group (reimbursement of expenses for insurance and webpage)	4	-	4	-
	<u>15</u>	<u>5</u>	<u>17</u>	<u>5</u>

The management remuneration contains short-term employees' benefits. Key management of the Company and the Group includes Board members and the Director of the Company, respectively. In 2023 and 2022 the Group's key management compensation was EUR 2 thousand and EUR 2 thousand, respectively. In 2023 and 2022 the Company's key management compensation was EUR 2 thousand and EUR 2 thousand, respectively.

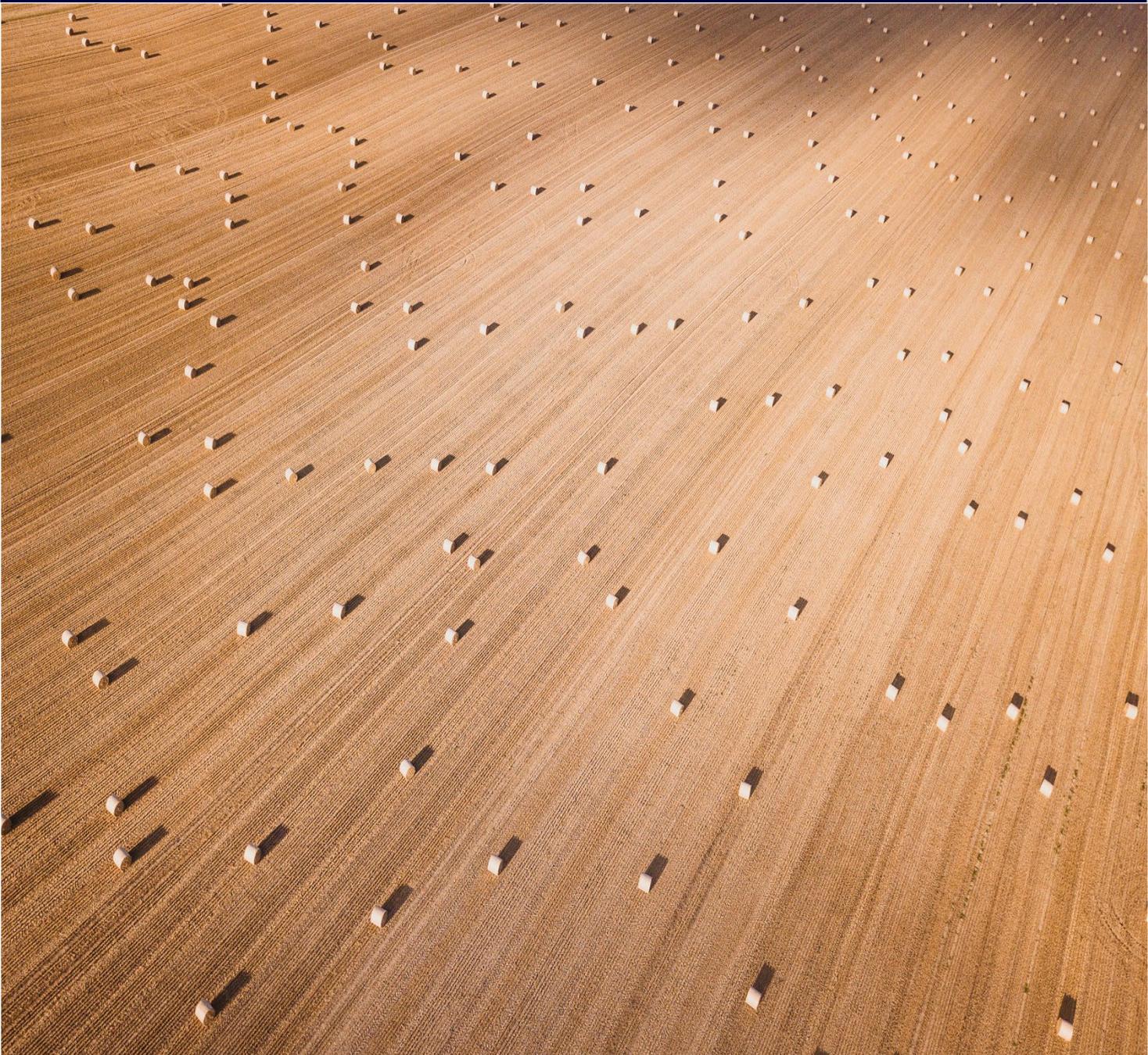
There were no loans granted to key management personnel during the reporting period or outstanding at the end of the reporting period.

In 2023 to the Board members, which are shareholders of the Company, were paid EUR 40 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 147 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 127 thousand of dividends, net of tax.

In 2022 to the Board members, which are shareholders of the Company, were paid EUR 65 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 347 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 203 thousand of dividends, net of tax.

The logo for INVL, consisting of the letters 'INVL' in a bold, white, sans-serif font, enclosed within a white square border.

# BALTIC FARMLAND

An aerial photograph of a large agricultural field, showing rows of crops stretching across the landscape. The field is divided into numerous small, rectangular plots, and the crops appear to be in various stages of growth. The overall color palette is dominated by earthy browns and tans, suggesting a dry or late-harvest season. The perspective is from a high angle, looking down at the field, which creates a strong sense of depth and scale.

## **INVL Baltic Farmland, AB**

CONSOLIDATED ANNUAL REPORT OF 2023

APPROVED BY THE BOARD OF INV L BALTIC FARMLAND, AB ON 29 FEBRUARY 2024

## CONTENT

I. GENERAL INFORMATION .....	37
1. Legal basis for preparation of the Annual Consolidated Report and content of information.....	37
2. Reporting period for which the report is prepared .....	37
3. General information about the Issuer and other companies comprising the Issuer's group .....	37
3.1. Information about the issuer .....	37
3.2. Information on company's goals, philosophy and strategy .....	37
3.3. Information about the Issuer's group of companies .....	38
4. Agreements with intermediaries on public trading in securities .....	40
5. Information on Issuer's branches and representative offices .....	40
II. INFORMATION ABOUT SECURITIES .....	41
6. The order of amendment of Issuer's Articles of Association .....	41
7. Structure of the authorized capital .....	41
7.1. Information about the issuer's treasury shares .....	41
8. Trading in Issuer's securities as well as securities, which are deemed to be a significant financial investment to the Issuer on a regulated market.....	42
9. Dividends .....	45
10. Shareholders.....	46
10.1. Information about company's shareholders .....	46
10.2. Rights and obligations carried by the shares .....	48
III. ISSUER'S MANAGING BODIES .....	50
11. Structure, authorities, the procedure for appointment and replacement.....	50
11.1. General Shareholders' Meeting.....	50
11.2. The Board .....	52
11.2.2. Procedure of work of the Board .....	53
11.3. The Director .....	54
12. Information about members of the Board, Company providing accounting services .....	54
13. Information about the Audit Committee of the company .....	57
13.1. Procedure of work of the audit committee .....	57
13.2. Members of the Audit Committee .....	57
14. Information on the Issuer's payable management fee, the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Managing bodies and company providing accounting services.....	58
IV. INFORMATION ABOUT THE ISSUER'S AND ITS GROUP COMPANIES' ACTIVITY .....	60
15. Overview of the Issuer and its group activity.....	60
15.1. Business environment.....	60
15.2. Significant Issuer's and its group events during the reporting period, affect on the financial statement .....	63
15.3. Employees .....	64
15.4. Environmental Protection and actions on climate change.....	64
15.5. Fight against corruption and bribery .....	64
16. A description of the principal advantages, uncertainties encountered, risks and uncertainties .....	65
16.1. Advantages of investments.....	65
16.2. Risk factors .....	65
16.3. The main indications about internal control and risk management systems related to the preparation of consolidated financial statements.....	67

17. Significant investments made during the reporting period .....	67
18. Information about significant agreements to which the issuer is a party, which would come into force, be amended or cease to be valid if there was a change in issuer's controlling shareholder .....	67
19. Information on the related parties' transactions .....	67
20. Information on harmful transactions in which the issuer is a party .....	68
21. Significant events since the end of the financial year .....	68
22. Estimation of Issuer's and Group's activity last year and activity plans and forecasts.....	68
22.1. Evaluation of implementation of goals for 2023.....	68
22.2. Activity plans and forecasts .....	68
<b>V. OTHER INFORMATION .....</b>	<b>69</b>
23. Additional non - financial information .....	69
24. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements.....	69
25. Information on financial risk management objectives used for hedging measures which hedge accounting and of price risk, credit risk, liquidity risk and cash flow risk where the company group uses financial instruments and is an important evaluation of the property, own capital, liabilities, revenue and expenses .....	69
26. Information about activities of the Issuer and companies comprising the issuer's group in the field of research and development.....	69
27. Information about agreements of the Company and its managing bodies, members of the formed committees, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control (official offering) of the Company. ....	69
28. Information about any control systems in the employee share plan that are not exercised directly by employees.....	69
29. Information on audit company .....	69
30. Data on the publicly disclosed information.....	70
<b>APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS .....</b>	<b>71</b>
<b>APPENDIX 2. CORPORATE GOVERNANCE CODE .....</b>	<b>73</b>
<b>APPENDIX 3. COMPANY'S MANAGEMENT REPORT .....</b>	<b>88</b>
<b>APPENDIX 4. COMPANY'S OPERATING AND FINANCIAL INDICATOR FORMULAS AND DEFINITIONS .....</b>	<b>90</b>
<b>APPENDIX 5. REMUNERATION REPORT .....</b>	<b>93</b>

## I. GENERAL INFORMATION

### 1. Legal basis for preparation of the Annual Consolidated Report and content of information

The Annual Consolidated Report of the public joint-stock company INVL Baltic Farmland (hereinafter may be referred as the Company or INVL Baltic Farmland, AB) has been prepared by the Company in accordance with the Lithuanian Law on Securities of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Rules on the Disclosure of Information and the Guidelines on the Disclosure of Information approved by the Board of the Bank of Lithuania. The content of the consolidated annual report is disclosed according to Law on Consolidated Financial Statements of Enterprises of the Republic of Lithuania and Law on Corporate Financial Reporting of the Republic of Lithuania.

The Company informs that information disclosing information about the Company presented in this Annual Report is divided into five (V) sections. These sections disclose information on Company's securities, the Management of the Company, the Company's and the Group's activities and other information, that Company's Management values as important to disclose. The Company notes that the information presented in the Annual Report is relevant for understanding the Company's performance, condition and impact of operations.

### 2. Reporting period for which the report is prepared

The report covers the financial period of INVL Baltic Farmland, AB starting from 1 January 2023 and ending on 31 December 2023. The report also discloses information from the end of the reporting period to the release of the report.

### 3. General information about the Issuer and other companies comprising the Issuer's group

#### 3.1. Information about the issuer

<b>Name of the Issuer</b>	The public joint-stock company INVL Baltic Farmland
<b>Code</b>	303299781
<b>Registered address</b>	Gynėjų str. 14, 01109, Vilnius, Lithuania
<b>Telephone</b>	+370 5 279 0601
<b>E-mail</b>	farmland@invalidainvl.com
<b>Website</b>	www.invlbalticfarmland.lt
<b>LEI code</b>	5299000AUE9M1W13ZQ36
<b>Legal form</b>	public joint-stock company
<b>Date and place of registration</b>	29 April 2014. Register of Legal Entities
<b>Register in which data about the Company are accumulated and stored</b>	Register of Legal Entities

#### 3.2. Information on Company's goals, philosophy and strategy

The main goal of INVL Baltic Farmland – to invest into agricultural land in Lithuania and, after renting it to farmers and agricultural companies, to ensure that income from rent will exceed inflation and make a profit from agricultural land price growth. Since prices of agricultural products are determined in the world markets, this investment allow to participate in the world food supply chain.

The public joint-stock company INVL Baltic Farmland was established on 29 April 2014 on the basis of a part of assets split-off from one of the leading asset management groups in the Baltic region Invalda INVL. INVL Baltic Farmland manages shares of 18 companies investing into agricultural land that are owning about 3 thousand hectares of agricultural land in Lithuania. More than 96% of cultivated land is rented to farmers and agricultural companies.

Shares of INVL Baltic Farmland are listed on Nasdaq Vilnius stock exchange since 4 June 2014.

The administration of the INVL Baltic Farmland group owned land, according to the basic property administration agreement signed on 30 June 2015, is transmitted to the owned company INVL Farmland Management. On 28 December 2020, the Basic Property Administration Agreement's Amendment No. 20150630/01 was concluded, based on which the term of the Basic Property Administration Agreement was extended until 31 December 2025. Management fees paid for INVL Farmland Management are 7 percent of annual rental income of the companies - land owners as well as 0.5 percent of INVL Baltic Farmland market capitalization. Moreover, there is a success fee which becomes valid only when consolidated equity of companies - land owners annual growth is higher than 5 percent plus inflation. Success fee is 20 percent of the consolidated equity in excess of the above-mentioned benchmark (*High-Water Mark* principle is applicable).

As the Company has signed the property administration agreement it employs a minimum number of people.

It is prohibited for one person to have more than 500 hectares of land in Lithuania since 2014. That's why INVL Baltic Farmland development is limited and the generated funds are directed to the payment of dividends to shareholders.

Investments into agricultural land are classified as long term and are recommended for investors who are satisfied with the return on rent and possible income from increase of agricultural land prices.

### 3.3. Information about the Issuer's group of companies

INVL Baltic Farmland has 100% in 18 companies owning about 3 thousand hectares of agricultural land in the most fertile regions of Lithuania. Companies - land owners and joint-stock company INVL Baltic Farmland on 30 June 2015 have signed a basic property administration agreement with INVL Farmland Management, whose shareholder is Invalda INVL – one of the leading asset management groups in the Baltic region, which administrates agricultural land owned by the companies to ensure steady growth of income for the shareholders and the value of the land. On 21 October 2020, the General Meeting of Shareholders of the Company approved the extension of the agreement with UAB INVL Farmland Management and its arrangement in a recast version. The agreement was extended until 31 December 2025.

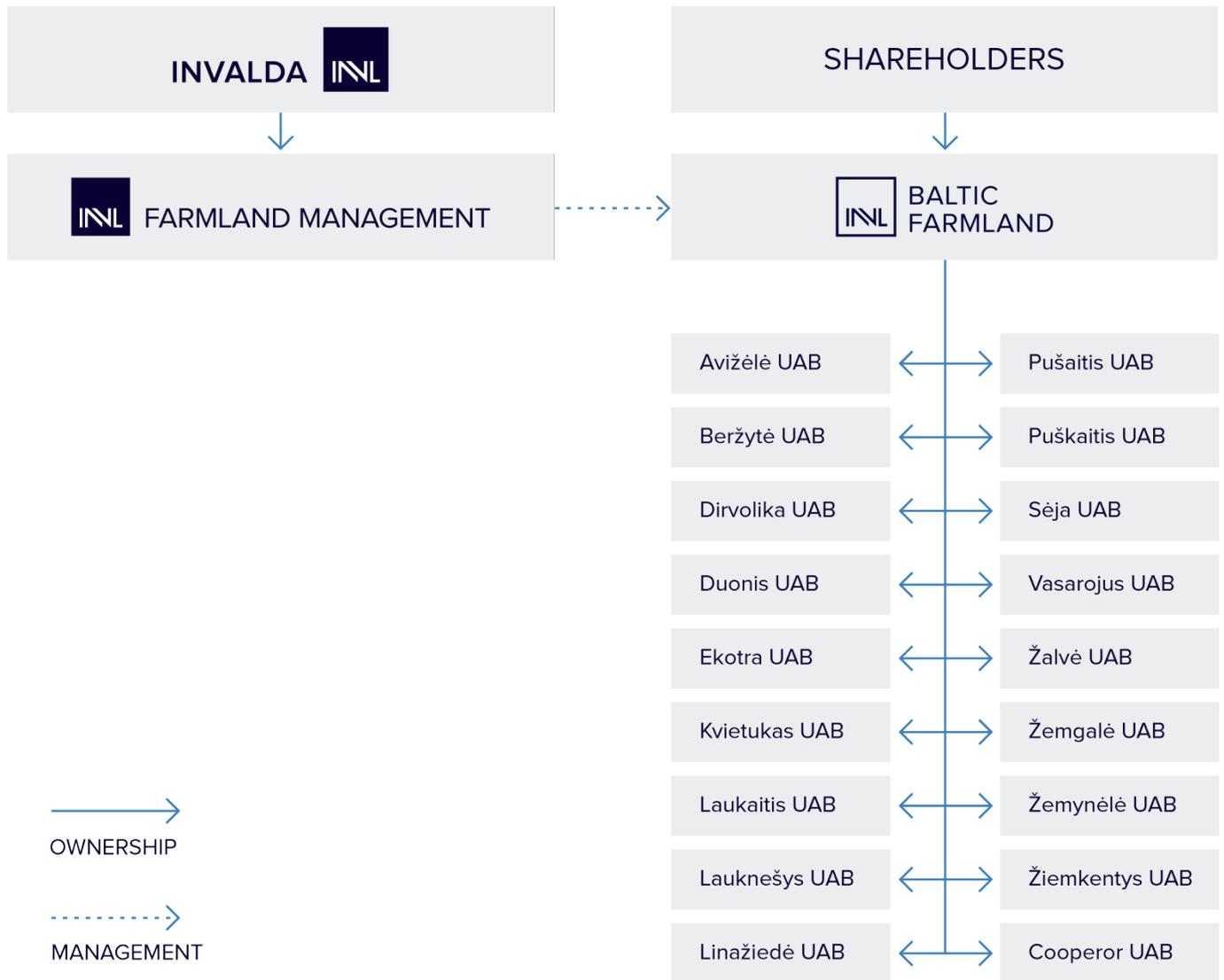


Fig. 3.3.1. Group structure of INVL Baltic Farmland, AB as of 31 December 2023

## INVL Baltic Farmland's landholdings

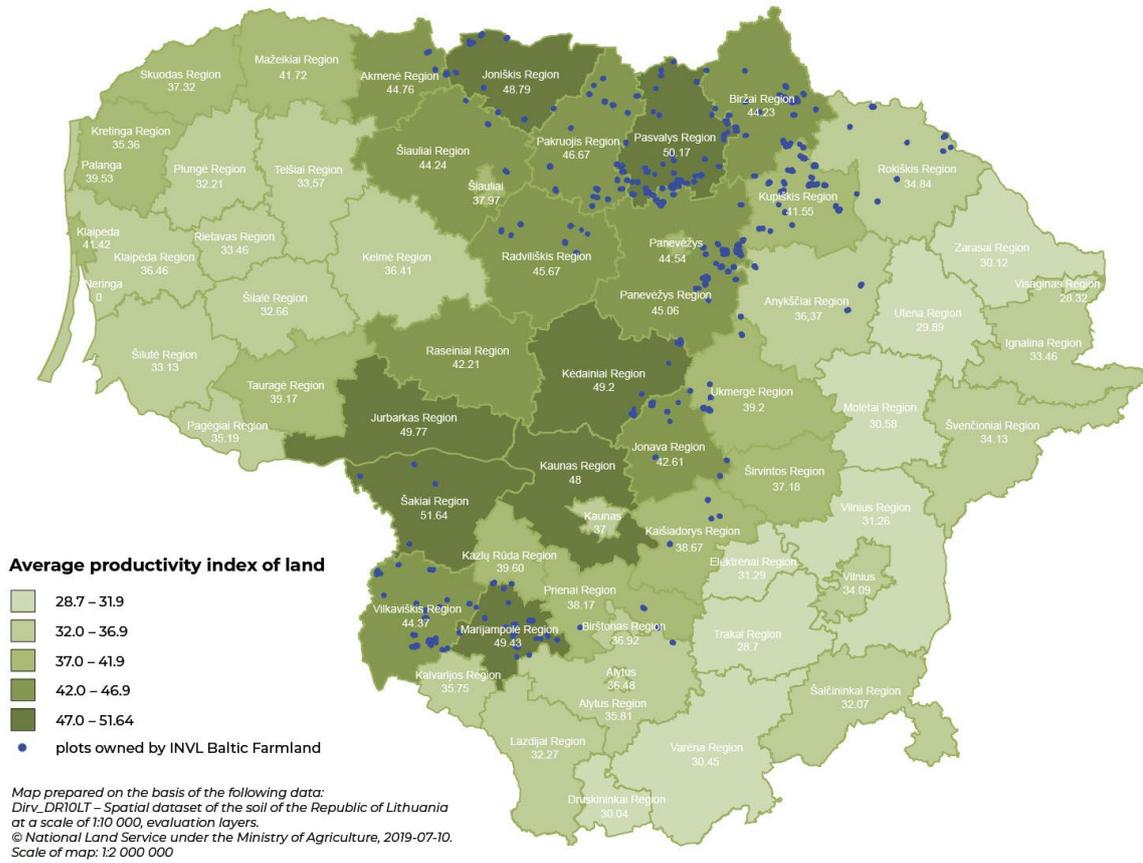


Fig. 3.3.2. Agricultural land portfolio and agricultural land fertilisation of INVL Baltic Farmland, AB  
Plots belonging to the Company are in the most fertile areas of Lithuania. They are highlighted in blue.

Table 3.3.3. Information about companies of INVL Baltic Farmland group

Company name	District of company's activities	Owned land plot, hectares	Cultivated cropland area, hectares
Avizele, UAB	Rokiskis dist., Anyksciai dist.	113.82	107.51
Berzyte, UAB	Birzai dist.	150.49	145.99
Dirvolika, UAB	Akmene dist., Joniskis dist., Siauliai dist.	199.44	192.03
Duonis, UAB	Jonava dist., Kedainiai dist., Ukmerge dist.	181.98	174.34
Ekotra, UAB	Vilkaviskis dist.	238.81	228.02
Kvietukas, UAB	Pakruojis dist., Pasvalys dist.	118.01	112.69
Laukaitis, UAB	Pakruojis dist., Pasvalys dist., Siauliai dist.	204.10	193.44
Lauknesys, UAB	Birzai dist., Pasvalys dist.	109.94	107.83
Linaziede, UAB	Alytus dist., Jonava dist., Kaisiadorys dist., Prienai dist.	85.13	80.75
Pusaitis, UAB	Radviliskis dist.	82.44	81.10
Puskaitis, UAB	Marijampole dist., Prienai dist., Vilkaviskis dist.	193.46	188.14
Seja, UAB	Kedainiai dist.	82.53	79.75
Vasarojus, UAB	Anyksciai dist., Panevezys dist., Ukmerge dist.	375.73	364.85
Zalve, UAB	Kupiskis dist.	216.88	201.73
Zemgale, UAB	Birzai dist., Kupiskis dist., Panevezys dist.	241.76	232.00
Zemynele, UAB	Sakiai dist., Vilkaviskis dist.	72.57	70.81
Ziemkentys, UAB	Panevezys dist., Pasvalys dist.	414.14	401.62
		<b>3,081.23</b>	<b>2,962.60</b>

#### 4. Agreements with intermediaries on public trading in securities

INVL Baltic Farmland, AB has signed the agreements with these intermediaries:

- Šiaulių bankas, AB (Tilžės str. 149, Šiauliai, Lithuania, tel. +370 41 595 607) – the agreement on investment services, the agreement on management of securities accounting and agreement on dividend distribution.

#### 5. Information on Issuer's branches and representative offices

INVL Baltic Farmland, AB has no branches or representative offices.

## II. INFORMATION ABOUT SECURITIES

### 6. The order of amendment of Issuer's Articles of Association

The Articles of Association of INVL Baltic Farmland, AB may be amended by resolution of the General Shareholders' Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

Actual wording of the Articles of Association of the Company is dated as of 18 April 2023. The Company's Articles of Association is published on the Company's web page (Company's web site section „Investor Relations“ → „Articles of Association“. The link: <https://invlbalticfarmland.com/en/investor-relations/legal-documents/>).

### 7. Structure of the authorized capital

Table 7.1. Structure of INVL Baltic Farmland, AB authorised capital as of 31 December 2023.

Type of shares	Number of shares and total voting rights granted by the issued shares, units	Number of votes for the quorum of the General Shareholders Meeting, units*	Nominal value, EUR	Total nominal Value and authorised capital, EUR	Portion of the authorised capital,
Ordinary registered shares	3,291,549	3,228,510	0.29	954,549.21	100

\*According to Article 27 (4) of the Law on Companies' in determining the quorum of the General Meeting of Shareholders, it is considered that the acquired own shares do not grant voting rights.

All shares are fully paid-up and no restrictions apply on their transfer.

#### 7.1. Information about the issuer's treasury shares

The General Shareholders Meeting of the Company that was held on 28 October 2015 approved resolution to purchase its own shares. The period during which the Company could acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - EUR 4.00, minimum one share acquisition price - EUR 2.87. During this period the Company initiated acquisition of own shares 1 time. On 21 June, the Company announced about acquisition of 1.92 percent of own shares. 63,039 units of shares were offered. The settlement for the acquired shares happened on 22 June 2016.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 22 March 2017 made decision to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - EUR 4.50, minimum one share acquisition price - EUR 3.16. Company has not initiated acquisition of own shares in 2017.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 10 April 2018 approved resolution to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - EUR 5.00, minimum one share acquisition price - EUR 3.00. Company has not initiated acquisition of own shares in 2018.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 22 March 2019 made decision to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - EUR 5.00, minimum one share acquisition price - EUR 3.00. Company has not initiated acquisition of own shares in 2019.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 23 March 2020 made decision to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - EUR 5.00, minimum one share acquisition price - EUR 3.00. Company has not initiated acquisition of own shares in 2020.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 9 April 2021 made decision to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - EUR 5.00, minimum one share acquisition price - EUR 3.00. Company has not initiated acquisition of own shares in 2021.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 27 April 2022 made a decision to establish the procedure of the acquisition of its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - EUR 5.00, minimum one share acquisition price - EUR 3.00. Company has not initiated acquisition of own shares in 2022.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 29 March 2023 made a decision to establish the procedure of the acquisition of its own shares. The period during which the Company may acquire its own shares - 18 months from

the day of this resolution. The maximum one share acquisition price – EUR 5.00, minimum one share acquisition price – EUR 3.00. Company has not initiated acquisition of own shares in 2023.

**At the end of the reporting period the amount of Company's acquired own shares stayed the same and amounted to 63,039 (units) or 1.92 percent of the Company's Authorised capital.** Subsidiaries of INVL Baltic Farmland have not implemented acquisition of shares in INVL Baltic Farmland directly or indirectly under the order of subsidiary by persons acting by their name.

## 8. Trading in Issuer's securities as well as securities, which are deemed to be a significant financial investment to the Issuer on a regulated market

Table 8.1. Main characteristics of INVL Baltic Farmland, AB shares admitted to trading:

<b>Type of shares</b>	Ordinary registered shares
<b>ISIN code</b>	LT0000128753
<b>LEI code</b>	5299000AUE9M1W13ZQ36
<b>Name</b>	INL1L
<b>Exchange</b>	Nasdaq Vilnius
<b>List</b>	Baltic Secondary list
<b>Authorised capital (EUR)</b>	954,549.21
<b>Nominal value of 1 share (EUR)</b>	0.29
<b>Shares issued, units</b>	3,291,549
<b>Total voting rights granted by the issued shares, units</b>	3,291,549
<b>Number of votes for the quorum of the General Shareholders Meeting, units*</b>	3,228,510
<b>Date of the beginning of listing</b>	4 June 2014

\*According to Article 27 (4) of the Law on Companies' in determining the quorum of the General Meeting of Shareholders, it is considered that the acquired own shares do not grant voting rights.

Company uses no services of liquidity providers.

Table 8.2. Trading in the Company's shares 2019 – 2023 (quarterly) on NASDAQ Vilnius:

Reporting period	Price, EUR			Turnover, EUR			Last trading date	Total turnover	
	high	low	last	high	low	last		quantity	EUR
2019 1st Q	4.00	3.42	3.58	5,982.34	10.74	0	29.03.2019	2,731	10,518.30
2019 2nd Q	3.80	3.48	3.58	887.04	54.30	662.30	28.06.2019	1,582	5,661.24
2019 3rd Q	4.10	3.42	4.00	2,455.80	7.4	72	30.09.2019	2,336	8,942.32
2019 4th Q	3.86	3.46	3.48	4,323.80	7.28	274.92	12.30.2019	3,610	13,022.18
2020 1st Q	4.18	3.5	4.00	6,883.64	33.84	0	31.03.2020	8,571	33,405.22
2020 2nd Q	5.00	3.74	4.44	6,046.44	4.02	0	30.06.2020	3,101	14,141.06
2020 3rd Q	5.20	4.20	5.00	2,530.8	4.78	0	30.09.2020	3,029	14,555.94
2020 4th Q	5.10	4.40	5.05	3,536.3	4.82	5.05	30.12.2020	3,444	16,871.20
2021 1st Q	6.50	4.90	5.70	3,721.75	5.20	365.60	31.03.2021	4,846	26,706.11
2021 2nd Q	8.70	5.70	8.65	4,336.70	6.40	3,410.80	30.06.2021	5,650	38,375.60
2021 3rd Q	9.00	6.30	6.30	24,823	8.20	329.70	30.09.2021	9,892	78,273.90
2021 4th Q	7.95	6.90	7.70	5,188.45	7.05	1,084.40	30.12.2021	3,624	26,434.15

2022 1st Q	7.90	5.50	6.80	7,607.95	7.20	49.45	31.03.2022	8,704	59,930.80
2022 2nd Q	8.40	6.80	8.20	24,672.25	7.20	336.15	30.06.2022	10,816	84,414.00
2022 3rd Q	8.40	6.85	7.20	7,944.20	7.20	0	30.09.2022	2,910	22,515.50
2022 4th Q	8.35	6.55	8.10	4,596.90	7.15	0	30.12.2022	2,564	19,295.45
<b>2023 1st Q</b>	<b>8.20</b>	<b>7.05</b>	<b>7.55</b>	<b>3,215.30</b>	<b>8.00</b>	<b>0</b>	<b>31.03.2023</b>	<b>2,199</b>	<b>17,045.10</b>
<b>2023 2nd Q</b>	<b>7.70</b>	<b>6.05</b>	<b>7.00</b>	<b>2,681.15</b>	<b>7.40</b>	<b>161.70</b>	<b>30.06.2023</b>	<b>1,760</b>	<b>12,613.70</b>
<b>2023 3rd Q</b>	<b>7.95</b>	<b>6.80</b>	<b>7.45</b>	<b>3,843.55</b>	<b>7.60</b>	<b>126.65</b>	<b>29.09.2023</b>	<b>1,698</b>	<b>12,729.95</b>
<b>2023 4th Q</b>	<b>7.60</b>	<b>6.15</b>	<b>7.20</b>	<b>5,621.95</b>	<b>7.20</b>	<b>117.15</b>	<b>29.12.2023</b>	<b>2,239</b>	<b>16,016.80</b>

Table 8.3. Trading in INVL Baltic Farmland, AB shares 2019 - 2023:

	2019	2020	2021	2022	2023
<b>Share price, EUR</b>					
- open	3.500	3.480	5.000	7.700	<b>8.100</b>
- high	4.100	5.200	9.000	8.400	<b>8.200</b>
- low	3.420	3.500	4.900	5.500	<b>6.050</b>
- medium	3.718	4.352	7.071	7.448	<b>7.397</b>
- last	3.480	5.050	7.700	8.100	<b>7.200</b>
<b>Turnover, units</b>	10,259	18,145	24,012	24,994	<b>7,896</b>
<b>Turnover, EUR</b>	38,144.04	78,973.42	169,789.76	186,155.75	<b>58,405.55</b>
<b>Traded volume, units</b>	105	471	861	746	<b>470</b>

Table 8.4. Capitalisation\*, 2019-2023.

Last trading date	Number of shares granted with voting rights, units	Last price, EUR	Capitalisation, EUR
29.03.2019	3,228,510	3.58	11,558,066
28.06.2019	3,228,510	3.58	11,558,066
30.09.2019	3,228,510	4.00	12,914,040
30.12.2019	3,228,510	3.48	11,235,215
31.03.2020	3,228,510	4.00	12,914,040
30.06.2020	3,228,510	4.44	14,334,584.4
30.09.2020	3,228,510	5.00	16,142,550
30.12.2020	3,228,510	5.05	16,303,975.5
31.03.2021	3,228,510	5.70	18,402,507
30.06.2021	3,228,510	8.65	27,926,611.5
30.09.2021	3,228,510	6.30	20,339,613
30.12.2021	3,228,510	7.70	24,859,527
31.03.2022	3,228,510	6.80	21,953,868
30.06.2022	3,228,510	8.20	26,473,782
30.09.2022	3,228,510	7.20	23,245,272

30.12.2022	3,228,510	8.10	26,150,931
<b>31.03.2023</b>	<b>3,228,510</b>	<b>7.55</b>	<b>24,375,250.5</b>
<b>30.06.2023</b>	<b>3,228,510</b>	<b>7.00</b>	<b>22,599,570</b>
<b>29.09.2023</b>	<b>3,228,510</b>	<b>7.45</b>	<b>24,052,399.5</b>
<b>29.12.2023</b>	<b>3,228,510</b>	<b>7.20</b>	<b>23,245,272</b>

\*The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in Appendix 4 to this Consolidated Annual report and in Company's web site section „Investor Relations“ → „Reports“ → „Indicator formulas“. The link: <https://invlbalticfarmland.com/en/investor-relations/financial-information-and-reports/>



Fig. 8.1. INVL Baltic Farmland, AB change of share price and indexes<sup>1</sup> (resource: Nasdaq Baltic, Baltic market indexes)

<sup>1</sup> The OMX Baltic Benchmark index (OMXBB – PI, GI, CAP) tracks the largest and most traded shares from all the industry sectors represented on the Nasdaq Baltic Market. The OMX Baltic Real Estate GI index is available at the Baltic level. Based on the FTSE Group's Industry Classification Benchmark (ICB), each shows the trend in a specific industry and enables the comparison of companies in that industry. Indexes for each ICB industry and supersector are calculated in euros for the stocks on the Main and Secondary lists of the Nasdaq Baltic exchanges is based on the Industry Classification Benchmark (ICB) developed by FTSE Group (FTSE).

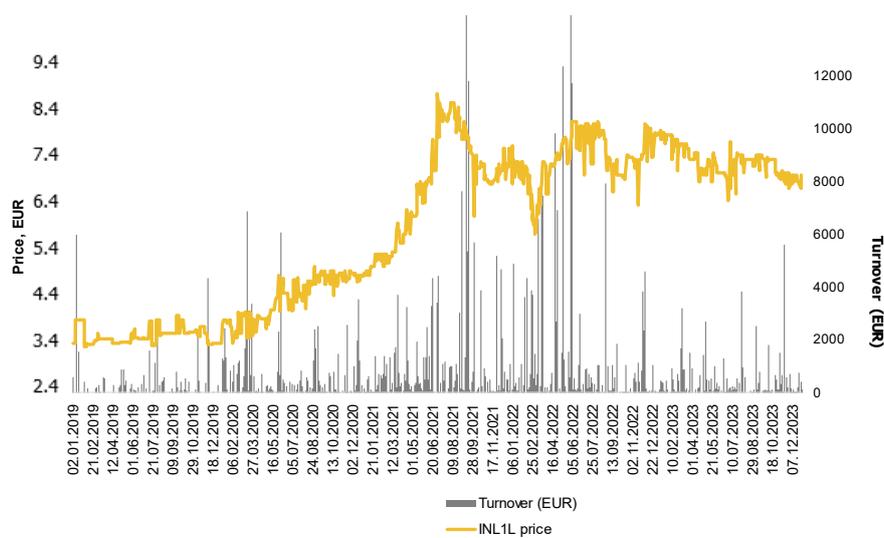


Fig. 8.2. Change of share price of INVL Baltic Farmland, AB

## 9. Dividends

The General Shareholders' Meeting decides upon dividend payment and sets the amount of dividends. The Company pays out the dividends within 1 month after the day of adoption of the resolution on profit distribution.

The General Shareholders Meeting of the Company held on 10 April 2018 approved the new wording of the Dividend Payment Policy. According to the Policy, it is decided to allocate EUR 0.10 dividend per share (exceptions, which state decrease / increase of the allocated dividend is disclosed in the Company's dividend payment policy).

Persons have the right to receive dividends if they were shareholders of the Company at the end of the tenth working day after the day of the General Shareholders' Meeting which issued the resolution to pay dividends.

According to the Law on Personal Income Tax and the Law on Corporate Income Tax, 15 % tax is applied to the dividends since 2014. The Company is responsible for calculation, withdrawn and transfer (to the benefit of the State) of applicable taxes<sup>2</sup>.

### The General Shareholders Meeting of INVL Baltic Farmland, AB held on 29 March 2023, decided to allocate EUR 0.15 dividend per share.

Dividends were allocated to the shareholders, who at the end of the tenth business day following the day of the General Shareholders Meeting that adopted a decision on dividend payment, i.e., on 13 April 2023 were shareholders of INVL Baltic Farmland, AB.

On 26 April 2023, the Company announced that will start to allocate dividends from 27 April 2023. Dividends were allocated to those shareholders of the Company, who has provided existing bank accounts.

Information relevant to the dividends paid by the Company, as well as matter of dividend payments and valid Dividend payment policy is published on Company's web page.

Table 9.1. Indexes related with shares.

Company's*	2019	2020	2021	2022	2023
Net Asset Value per share, EUR	4.16	4.34	4.63	5.0	<b>5.67</b>
Price to book value (P/Bv)	0.84	1.16	1.66	1.62	<b>1.27</b>
Dividend yield	2.9	2.0	1.9	3.0	<b>2.1</b>
Dividends/ Net profit	0.28	0.36	0.34	0.39	<b>0.18</b>

\* The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in Appendix 4 to this Consolidated Annual report and in Company's web site section „Investor Relations“ → „Reports“ → „Indicator formulas“. The link: <https://invlbalticfarmland.com/en/investor-relations/financial-information-and-reports/>

<sup>2</sup> This information should not be treated as tax consultation.



Fig. 9.1. Dividends allocation per share

## 10. Shareholders

### 10.1. Information about Company's shareholders

The total number of shareholders in INVL Baltic Farmland was 3,412 on 31 December 2023. There are no shareholders entitled to special rights of control.

Table 10.1.1. Shareholders who held title to more than 5% of INVL Baltic Farmland, AB authorised capital, votes as of 31 December 2023. The votes authorised capital held of the management of the Company (manager, members of the Board) is also be disclosed.

Name of the shareholder or Company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of votes given by the shares held by the right of ownership, %	Indirectly held voting rights, %
LJB Investments, UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	977,751	29.70	29.70	0
Irena Ona Mišeikienė	931,831	28.31	28.31	0
Lucrum Investicija, UAB code 300806471, Gynėjų str. 14, Vilnius	415,628	12.63	12.63	0
Alvydas Banys	252,875	7.68	7.68	29.70 <sup>3</sup>
Ilona Šulnienė	239,000	7.26	7.26	0
Indrė Mišeikytė	64,450	1.96	1.96	0
Darius Šulnis	0	0	0	12.63 <sup>4</sup>
Eglė Surplienė	0	0	0	0

<sup>3</sup> According to Paragraph 1 of Article 16 of the Law on Securities of the Republic of Lithuania, Alvydas Banys is deemed to hold the voting rights of LJB Investments, a company controlled by him.

<sup>4</sup> According to Paragraph 1 of Article 16 of the Law on Securities of the Republic of Lithuania, Darius Šulnis is deemed to hold the voting rights of Lucrum investicija, a company controlled by him.

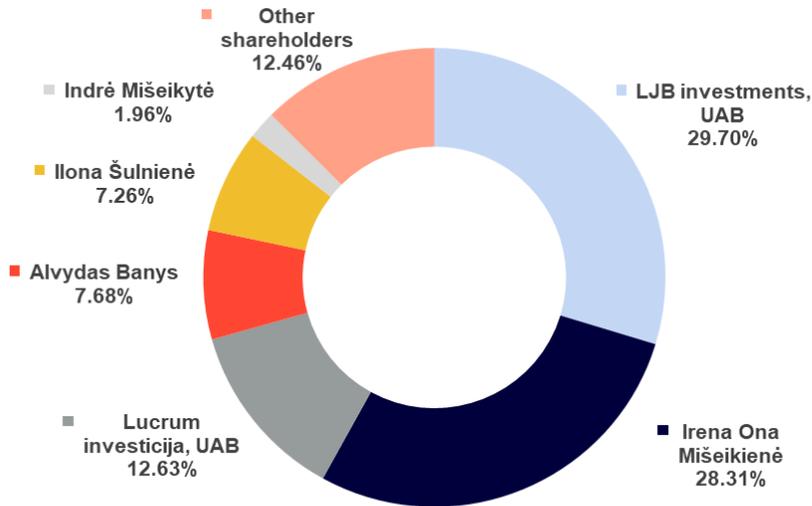
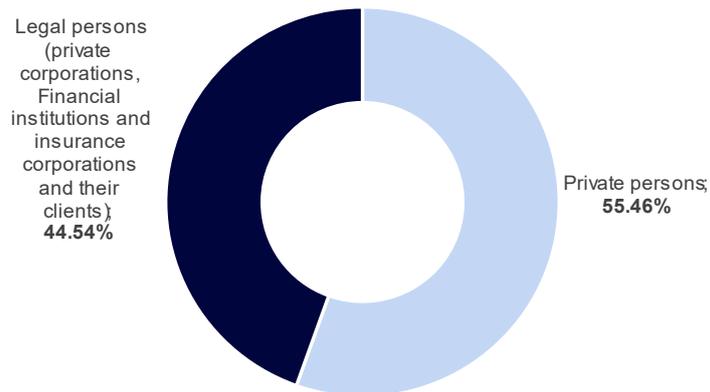


Fig. 10.1.1. Votes as of 31 December 2023

Table 10.1.2. Distribution of securities by investors' groups as of 31 December 2023

Investors	Shareholders		Share of votes given by the owned shares	
	Amount	Part, %	Amount	Part, %
Private persons	3,387	99.27	1,825,332	55.46
Legal persons (private corporations, Financial institutions and insurance corporations and their clients)	25	0.73	1,466,217	44.54
<b>Total</b>	<b>3,412</b>		<b>3,291,549</b>	



10.1.2. Fig. Distribution of securities by investors' groups and share of votes given by the owned shares as of 31 December 2023

Table 10.1.3. Distribution of securities by investors' groups as of 31 December 2023

Regions	Shareholders		Share of votes given by the owned shares	
	Amount	Part, %	Amount	Part, %
Lithuania	3,255	95.40	3,209,677	97.51
Other EU members	130	3.81	12,289	0.37
Non- EU countries	27	0.79	69,583	2.12
<b>Total</b>	<b>3,412</b>		<b>3,291,549</b>	

## 10.2. Rights and obligations carried by the shares

### 10.2.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive the Company's funds when the authorised capital of the Company is reduced with a view to paying out the Company's funds to the shareholders;
- 3) to receive a part of assets of the Company in liquidation;
- 4) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided by the laws of the Republic of Lithuania;
- 5) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders' Meeting in the manner prescribed in the legal acts decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
- 6) to lend to the Company in the manner prescribed by law; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the Company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
- 7) other property rights provided by laws;
- 8) to attend the General Shareholders' Meetings;
- 9) to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders;
- 10) to vote at the General Shareholders' Meetings according to voting rights carried by their shares;
- 11) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;
- 12) to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;
- 13) to receive information on Company as specified in the Law on Companies of Financial Instruments Markets in the Republic of Lithuania;
- 14) other non-property rights established by laws and the Company's Articles of Association.

### 10.2.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

The person who acquired all shares or part of shares in the Company from the Company's sole shareholder must notify the Company of the acquisition or transfer of shares within 5 days from the conclusion of the transaction. The notice shall indicate the number of acquired or transferred shares, including share number per class, when the different share class is acquired, the nominal share price and the particulars of the person who acquired or transferred the shares (the natural person's full name, personal number, personal code and address; the name, legal form it has taken, registration number, address of the registered office of the legal person.). A document confirming the acquisition of the shares or an acquisition extract must be added to the notice. If an acquisition extract is provided, it must include the parties to the transaction, the subject of the transaction and the date of acquisition of the shares.

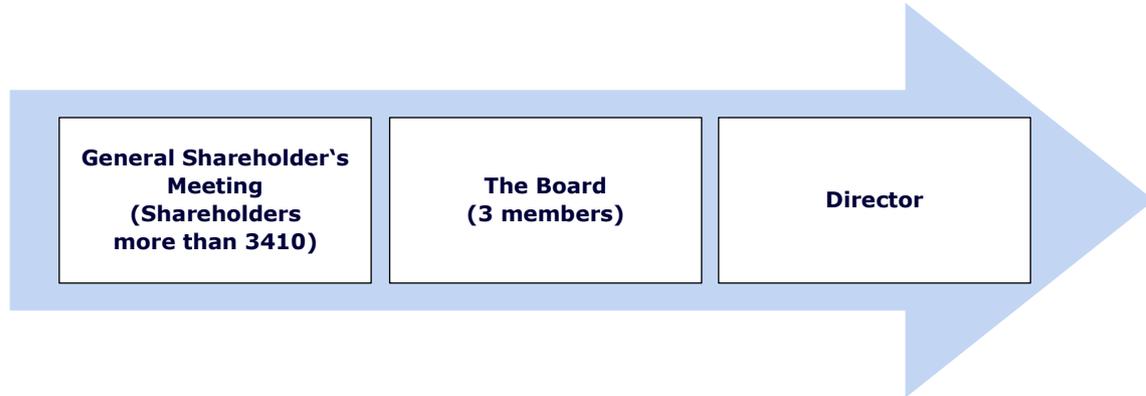
Contracts between the Company and holder of all its shares shall be executed in a simple written form unless the Civil Code prescribes the mandatory notarised form.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

### III. ISSUER'S MANAGING BODIES

#### 11. Structure, authorities, the procedure for appointment and replacement



The governing bodies of INVL Baltic Farmland, AB are: the General Shareholders' Meeting, sole governing body – the director and a collegial governing body – the Board. The Supervisory Board is not formed.

#### 11.1. General Shareholders' Meeting

##### 11.1.1. Powers of the General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the meeting (the 5th working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Shareholders' Meeting may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the General Shareholders' Meeting. If a quorum is not present, the General Shareholders' Meeting shall be considered invalid and a repeat General Shareholders' Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the General Shareholders' Meeting that has not been held and to which the quorum requirement shall not apply.

An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

The General Shareholders' Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- change the premises of the Company;
- elect members of the Board;
- dismiss the Board or its members;
- elect and dismiss the firm of auditors, set the conditions for auditor remuneration;
- determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- take a decision on the remuneration policy approval;
- take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
- take a decision to change the number of shares of the same class issued by the Company and the nominal value per share without changing the authorized capital;
- approve the annual financial statements report;
- take a decision on profit/loss appropriation;
- take a decision on the formation, use, reduction and liquidation of reserves;
- approve the financial statements for the purpose of deciding on the allocation of dividends for a period shorter than a financial year;
- to decide on the allocation of dividends for a period shorter than a financial year;
- take a decision on the issue of convertible debentures;

- take a decision on withdrawal for all the shareholders the pre-emption right to acquire the Company's shares or convertible debentures of the specific issue;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital, except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase its own shares;
- take a decision on the approval of the Rules for the Offering of Shares to Employees and / or Members of the Bodies (hereinafter referred to as the Share Allocation Rules);
- take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off, except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision on transformation of the Company;
- to take decisions on the restructuring of the Company in the cases established by the Law on Insolvency of Legal Persons of the Republic of Lithuania;
- take a decision to liquidate the Company, cancel the liquidation of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania;
- elect and dismiss the liquidator of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania.

The General Shareholders' Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the Company and provided that, in their essence, these are not the functions of the governing bodies.

#### **11.1.2. Convocation of the General Shareholders' Meeting of INVL Baltic Farmland, AB**

The documents related to the agenda, draft resolutions on every item of agenda, documents what have to be submitted to the General Shareholders Meeting and other information related to realization of shareholders rights are published on the Company's website [www.invlbalticfarmland.com](http://www.invlbalticfarmland.com) section *For investors*, also available in the office of INVL Baltic Farmland (Gyneju str. 14, Vilnius) during working hours. Phone for information +370 5 279 0601.

The shareholders are entitled:

- to propose to supplement the agenda of the General Shareholders Meeting submitting draft resolution on every additional item of agenda or, then there is no need to make a decision - explanation of the shareholder (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes). Proposal to supplement the agenda is submitted in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email [farmland@invaldainvl.com](mailto:farmland@invaldainvl.com). The agenda is supplemented if the proposal is received no later than 14 days before the General Shareholders Meeting. In case the agenda of the Meeting is supplemented, the Company will report on it no later than 10 days before the Meeting in the same way as on convening of the Meeting;
- to propose draft resolutions on the issues already included or to be included in the agenda of the General Shareholders Meeting at any time prior to the date of the General Shareholders meeting (in writing, sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email [farmland@invaldainvl.com](mailto:farmland@invaldainvl.com)) or in writing during the General Shareholders Meeting (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes);
- to submit questions to the Company related to the issues of agenda of the General Shareholders Meeting in advance but no later than 3 business days prior to the General Shareholders Meeting in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email [farmland@invaldainvl.com](mailto:farmland@invaldainvl.com). All answers related to the agenda of the General Shareholders Meeting to questions submitted to the Company by the shareholders in advance, are submitted in the General Shareholders Meeting or simultaneously to all shareholders of the Company prior to the General Shareholders Meeting. The Company reserves the right to answer to those shareholders of the Company who can be identified and whose questions are not related to the Company's confidential information or commercial secrets.

The shareholder participating at the Meeting and having the right to vote, must submit the documents confirming personal identity. A person who is not a shareholder shall, in addition to this document, submit a document confirming the right to vote at the Meeting. The requirement to provide the documents confirming personal identity does not apply when voting in writing by filling in a general ballot paper.

Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the Meeting. An authorised person has the same rights as his represented shareholder at the Meeting unless the authorized person's rights are limited by the power of attorney or by the law. The authorized persons must have the document confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the Meeting. The Company does not establish special form of the power of attorney. A power of attorney issued by a natural person must be certified by a notary. A power of attorney issued in a foreign state must be

translated into Lithuanian and legalised in the manner established by law. The persons with whom shareholders concluded the agreements on the disposal of voting right, also have the right to attend and vote at the Meeting.

Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the Meeting. No notarisation of such authorization is required. The power of attorney issued through electronic communication means must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through the means of electronic communication by e-mail [farmland@invaldainvl.com](mailto:farmland@invaldainvl.com) not later than on the last business day before the Meeting. The power of attorney and notification must be issued in writing and could be sent to the Company by electronic communication means if the transmitted information is secured and the shareholder's identity can be identified. By submitting the notification to the Company, the shareholder shall include the internet address from which it would be possible to download software to verify an electronic signature of the shareholder free of charge.

Shareholder or its representative may vote in writing by filling general voting bulletin. The form of general voting bulletin is presented at the Company's webpage [www.invlbalticrealestate.com](http://www.invlbalticrealestate.com) section *For Investors*. If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if an authorized person is voting. The filled general voting bulletin must be sent by the registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company no later than the day before of the General Shareholders Meeting. Ballots will be considered as valid if they are properly filled-in and received by the Company prior the Meeting.

For the convenience of the shareholders of INVL Baltic Farmland, the Company provides notifications about convocation of General Shareholders Meeting, draft resolutions as well as general voting bulletins and resolutions adopted in the Meetings on the Company's website section *For Investors* (Shareholders' Meetings).

#### **There was 1 (one) General Shareholders Meeting of INVL Baltic Farmland, AB during the 2023.**

On 29 March 2023 the Company announced resolutions of the General Shareholders Meeting: during the meeting the Shareholders of the Company were presented with the consolidated annual report of the Company, independent auditor's report on the financial statements and annual report, as well as Audit Committee activity report and, approved the consolidated and Companies financial statements for 2022, decided on profit distribution (allocating EUR 0.15 dividend per share), assented to the remuneration report of the Company, as a part of the consolidated annual report of the Company for the year 2022. The shareholders also made decisions regarding the amendment of the Articles of Association of the Company, the approval of the new version of the Articles of Association and the appointment of a person authorised to sign the new version of the Articles of Association, regarding the approval of new versions of the Remuneration policy as well as Regulations of Audit Committee, regarding the establishment of the procedure of the acquisition of own shares of the Company.

## 11.2. The Board

The Company has a collegial management body - the Board. The Supervisory Board is not formed in the Company.

### **11.2.1. Powers of the Board**

The Board shall continue in office for the 4 year period or until a new Board is elected and commences its activities, but not longer than until the date of the Annual General Shareholders' Meeting to be held during the final year of the term of office of the Board. If individual members of the Board are elected, they shall serve only until the expiry of the term of office of the current Board.

The Board or its members shall commence their activities after the close of the General Shareholders' Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members, newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. The Board shall elect the chairman of the Board from among its members.

The General Shareholders' Meeting may dismiss from the office the entire Board or its individual members (as well as the Chairman of the Board) before the expiry of their term of office. A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Shareholders' Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the manager of the Company. The procedure of work of the Board shall be laid down in the rules of procedure of the Board.

The Board shall consider and approve:

- Annual report of the Company;
- Interim report of the Company;
- the management structure of the Company and the positions of the employees;
- the positions to which employees are recruited through competition;
- regulations of branches and representative offices of the Company;
- description of the procedure for participation and voting in the Annual General Shareholders' Meeting by electronic means.

The Board shall elect and dismiss from office the manager of the Company, fix his salary and set other terms of the employment contract, approve his job description, provide incentives for and impose penalties against him. The Board of a public company whose shares are admitted to trading on a regulated market shall determine the remuneration of the manager of the company in accordance with the remuneration policy, as stated on the Law on Companies of the Republic of Lithuania.

The Board shall determine which information shall be considered to be the Company's commercial secret and confidential information. Any information which must be publicly available under the laws may not be considered to be the commercial secret and confidential information.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest, dispose of or lease the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- to pledge or mortgage the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company;
- to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company;
- other decisions assigned to the scope of powers of the Board by the Law on Companies of the Republic of Lithuania, Articles of Association or the decisions of the General Shareholders' Meeting.

The Board shall analyse and evaluate the information submitted by the manager of the Company on:

- 1) the organisation of the activities of the Company;
- 2) the financial status of the Company;
- 3) the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess a set of Company's and consolidated annual financial statements and draft of profit/loss appropriation and together with suggestions and proposals shall submit them to the General Shareholders' Meeting together with the annual report of the Company. The Board shall analyse and evaluate the draft rules for granting shares as well as the draft remuneration policy of the companies whose shares are admitted to trading on a regulated market and submit them to the General Shareholders Meeting together with proposals related to the rules and policy.

It shall be the duty of the Board to convene and organise the General Shareholders' Meetings in due time.

The Board also performs all of the following supervisory functions:

- takes decisions on transactions with related parties, as stipulated in Article 37(2) of the Law on Companies of the Republic of Lithuania;
- approves the description of the evaluation procedure and conditions of transactions with related parties that are concluded under normal market conditions in the course of normal economic activity, as established in part 11 of Article 37(2) of the Law on Companies of the Republic of Lithuania;
- supervises the activities of the Company's manager, submits feedback and suggestions regarding the activities of the Company's manager to the General meeting of shareholders;
- considers whether the head of the Company is suitable for the position, if the Company operates at a loss;
- submits proposals to the head of the Company to revoke his decisions that contradict laws and other legal acts, the Company's articles of association, the decisions of the General meeting of shareholders or the Board;
- solves other supervisory issues of the activities of the Company and the Company's manager, which are assigned to the competence of the Board by the decisions of the General meeting of shareholders.

#### **11.2.2. Procedure of work of the Board**

The order of the formation of the Board of the Company should ensure objective, impartial and fair representation of minority shareholders of the Company: names and surnames of the candidates to become members of the Board of the Company, information about their education, qualification, professional background, positions taken in supervisory and management Boards of other companies, owned block of shares in other companies, larger than 1/20, potential conflicts of interest, information on whether the candidates are applied to administrative sanctions or punishment for violations / crimes against the economy, business policy, property, property rights and property interests, or do they have no obligations neither functions which would threaten the safe and reliable operations of the Company, or whether candidates meet the legal requirements made for the Managers, are disclosed not later than 10 days prior the General Shareholders' Meeting in which the election of the Members of the Board is intended, so that the shareholders would have sufficient time to make an informed voting decision.

The Board evaluates its performance once a year. This valuation includes an assessment of the Board's structure, work organization and ability to function as a group. No evaluation of the independence of the Board members has been carried out.

Any Member of the Board of the Company must confound Company's property with its own property and do not use it or information which they received while holding position as the Members of the Board for personal benefit or for the benefit of third party on other way than the General Shareholders Meeting and the Board allows it.

Any Member of the Board of the Company within 5 (five) days must inform the Manager or the Chairman of the Company on any subsequent changes in provided information that have been submitted for shareholders prior to the election of the Member of the Board. Changes in provided information are disclosed in the Company's annual report.

Each Member of the Board actively participates in the Meetings of Board and devotes sufficient time and attention to perform his duties as the Member of the Board. 7 Meetings of the Board of the Company have been held in 2023.

The Board of INVL Baltic Farmland, AB has been elected for the four-year term of office during the General Shareholders Meeting held on 27 April 2022. Mr. Banyas was elected as the Chairman of the Board, Ms. Mišėikytė was elected as the Member of the Board and Mr. Bubinas was elected as independent Member of the Board.

Members of the Board attended all the Meetings of the Board personally in 2023.

### 11.3. The Director

The manager of the Company (the Director) shall be elected and dismissed from office by the Board which shall also fix his salary, approve his job description, provide incentives and impose penalties. An employment contract shall be concluded with the Director. The Director shall assume office after the election, unless otherwise provided for in the contract concluded with him. If the Board adopts a decision on his removal from office, the employment contract therewith shall be terminated.

In his activities, the Director shall be guided by laws and other legal acts, the Articles of Association of the Company, decisions of the General Shareholders' Meeting and the Board, his job description. The Director is accountable to the Board.

The Director shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts therewith, provide incentives and impose penalties.

The Director shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The Director may conclude the transactions to invest, dispose of or lease the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction), to pledge or mortgage the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company, to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company, provided there is a decision of the Board to enter into these transactions.

The Director shall be responsible for:

- the organisation of activities and the implementation of objects of the Company;
- preparation of the draft remuneration report and draft remuneration policy, disclosure of the remuneration policy and the remuneration report publicly on the website of a Company;
- the drawing up of the annual financial statements and preparation of the annual report of the Company;
- preparation of the draft description of the procedure for participation and voting in the Annual General Shareholders' Meeting by electronic means;
- preparation of a draft description of the assessment procedure and conditions for transactions with related parties that are concluded under regular market conditions in the course of regular economic activity;
- preparation of a draft decision on dividend allocation for a period shorter than a financial year, preparation of the interim financial statements and also, preparation of an interim report, related to decision on dividend allocation for a period shorter than a financial year. The provisions of the Law on Financial Statements of the Company regulating the preparation and publication of the annual report shall apply mutatis mutandis to the interim report;
- drafting of the Share Allocation Rules;
- the conclusion of the contract with the firm of auditors;
- the submission of information and documents to the General Shareholders Meeting and to the Board in cases stated in the Law on Companies or at their request;
- the submission of documents and particulars of the Company to the administrator of the Register of Legal Persons;
- the submission of the documents of the Company to the Bank of Lithuania and the Central Securities Depository of Lithuania;
- the publication of information referred to in the Law on Companies of the Republic of Lithuania in the source indicated in the Statutes;
- notification to shareholders and the Board of the Company about key events relevant to the Company's operations;
- the submission of information to shareholders;
- the fulfilment of other duties laid down in this Law and other laws and legal acts as well as in the Statutes and the staff regulations of the manager of the Company.

The Director must keep commercial secrets and confidential information of the Company which he learned while holding this office.

## 12. Information about members of the Board, Company providing accounting services

The Board of INVL Baltic Farmland, AB has been elected for the four-year term of office during the General Shareholders Meeting held on 27 April 2022. Mr. Banys was elected as the Chairman of the Board, Ms. Mišeikytė was elected as the Member of the Board and Mr. Bubinas was elected as independent Member of the Board. From 30 June 2015 Eglė Surplienė holds position as a director of the Company.



**Alvydas Banys** - Chairman of the Board  
Main workplace – LJB Investments, UAB (code 300822575, A. Juozapavičiaus g. 9A, Vilnius) – Director

**The term of office**

Since 2022 until 2026

**Educational background and qualifications**

Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics.  
Junior Scientific co-worker. Economic's Institute of Lithuania's Science Academy.

**Work experience**

Since 2022 May - INVL Asset Management, UAB – Senior Advisor  
July 2013 – April 2022 Invalda INVL, AB – Advisor  
Since 2007 LJB Investments, UAB – Director  
Since 2007 LJB Property, UAB – Director  
1996 – 2006 Invalda, AB – Vice President  
1996 – 2007 Nenuorama, UAB – President

**Owned amount of shares in INVL Baltic Farmland**

Personally: 252,875 units of shares, 7.68 % of authorised capital, 7.68 % of votes.  
Together with controlled company LJB Investments: 1,230,626 units of shares, 37.38 % of authorized capital, 37.38 % of votes.

**Participation in other companies**

Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Chairman of the Board  
Litagra, UAB (code 304564478, Savanorių pr. 173, Vilnius) – Member of the Board  
INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Member of the Investment Committee



**Indrė Mišeikytė** - Member of the Board  
Main workplace – Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Advisor, Member of the Board

**The term of office**

Since 2022 until 2026

**Educational background and qualifications**

Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture

**Work experience**

Since May 2012 Invalda INVL, AB – Advisor  
2013 - 2019 Invalda Privatus Kapitalas, AB – Advisor  
2002 - 2019 Inreal Valdymas, UAB – Architect  
2000 - 2002 Gildeta, UAB – Architect

**Owned amount of shares in INVL Baltic Farmland**

Personally: 64,450 units of shares, 1.96 % of authorised capital and votes

**Participation in other companies**

Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Member of the Board  
UTIB INVL Technology (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Supervisory Board (on 6 February 2023 the Supervisory Board was eliminated)



**Tomas Bubinas** - Independent Member of the Board  
Main workplace – individual consulting activities

**The term of office** Since 2022 until 2026

**Educational background and qualifications** 2004 – 2005 Baltic Management Institute (BMI), Executive MBA  
1997 – 2000 Association of Chartered Certified Accountants. ACCA. Fellow Member  
1997 Lithuanian Sworn Registered Auditor  
1988 -1993 Vilnius University, Msc. in Economics

**Work experience** 2013 – 2022 Chief Operating Officer at Biotechpharma, UAB  
2010 – 2012 Senior Director, Operations. TEVA Biopharmaceuticals (USA)  
2004 – 2010 CFO for Baltic countries, Teva Pharmaceuticals  
2001 – 2004 CFO, Sicom Biotech  
1999 – 2001 Senior Manager, PricewaterhouseCoopers  
1994 – 1999 Senior Auditor, Manager, Coopers & Lybrand

**Owned amount of shares in INVL Baltic Farmland** Personally: 0 units of shares, 0.00 % of authorised capital and votes.

**Participation in other companies** Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Member of the Board



**Eglė Surplienė** – Director  
Main workplace - Gerovės valdymas, UAB FPI (code 302445450, Jogailos str. 3-103, Vilnius) – Director

**Educational background and qualifications** Vilnius University, Faculty of Economic Cybernetics and Finance, Economic Cybernetics studies, Economics – mathematics diploma (equivalent of Master's degree)  
2009 – Award in Financial Planning (CII program and exam) certificate.  
2005 – OMX Vilnius dealer certificate  
1996 – General financial broker license

**Work experience** October 2009 - present – Wealth manager, director, UAB FPI Geroves Valdymas  
March 2009 - present – Director, UAB DIM investment  
September 2014 - June 2016 – Director, UAB Margio investicija  
August 2006 - October 2009 – Wealth manager, VIP Clients manager, AB FBC Finasta, AB bank Finasta  
June 2005 - July 2006 – Project manager, UAB Zabolis ir partneriai  
June 1999 - June 2005 – Member, Deputy Director of the Commission, Securities Commission of Lithuania  
June 1995 - June 1999 – Head of Issuer Division, UAB FMI Vilfima  
June 1993 - June 1995 - Member of Market Regulation Division, Securities Commission of Lithuania

**Owned amount of shares in INVL Baltic Farmland, AB** Personally: 0 units of shares, 0.00 % of authorised capital and votes.

**Participation in other companies**

Atelier Investment Management, UAB (code 303335430, Jogailos str. 3-103, Vilnius) – Chairman of the Board  
 Gerovės valdymas, UAB FPI (code 302445450, Jogailos str. 3-103, Vilnius) – Director  
 Gerovės partneriai, KŪB (code 304746185, Jogailos str. 3-103, Vilnius) – Full member  
 DIM investment, UAB (code 301145749, Pasakų str. 5, Vilnius) – Director  
 UTIB INVL Baltic Real Estate (code 152105644, Gynėjų str. 14, Vilnius) – Member of the Supervisory Board (on 18 April 2023 the Supervisory Board was eliminated)

Invalda INVL, AB provides accounting services and preparation of the documents related with bookkeeping for INVL Baltic Farmland, AB according to an agreement signed on 30 April 2014 No. 20140430/03.

**13. Information about the Audit Committee of the Company**

The Audit Committee consists of 2 independent members. The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Committee are the following:

- provide recommendations for the general meeting of shareholders of the Company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- to provide opinion regarding the transactions with Company related party, according to the clause 37(2), parts 1 and 5 of the Law on Companies, provide evaluation regarding transactions, indicated in clause 37 (2), parts 11 and 12 of the Law on Companies;
- monitor the process of external audit;
- to review and monitor the independence of auditors and auditors companies seeking to avoid conflict of interests;
- to monitor the financial reporting process of the Company and submit recommendations on ensuring the liability of it;
- monitor the efficiency of Company's internal control and risk management systems as well as internal audit, without prejudice to the independence of the internal audit;
- monitor if the Company's board and/or managers properly response to the audit firm's recommendations and comments.

The Member of the Audit Committee of INVL Baltic Farmland, AB may resign from his post before the expiry of term of office, notifying the Board of the Company in writing at least 14 calendar days in advance. When the Board of the Company receives the notice of resignation and estimates all circumstances related to it, the Board may pass the decision either to convene the Extraordinary General Shareholders Meeting to elect the new member of the Audit Committee or to postpone the question upon the election of the new member of the Audit Committee until the nearest General Shareholders Meeting. In any case the new member is elected till the end of term of office of the operating Audit Committee.

**13.1. Procedure of work of the Audit Committee**

The Audit Committee should inform about its activities the General Meeting of Shareholders of the Company providing a written report.

The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The Member of the Audit Committee may express his will – for or against the decision in question, the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature. The right of initiative of convoking the meetings of the Audit Committee is held by both Members of the Audit Committee. The other Member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail). The meetings of the Audit Committee should not be recorded, and the taken decisions should be signed by both Members of the committee. When both Audit Committee Members vote in writing, the decision should be written down and signed by the Chairman of the Audit committee. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

The Audit Committee should have the right to invite the Manager of the Company, Member(s) of the Board, the chief financier, and employees responsible for finance, accounting and treasury issues as well as external auditors to its meetings. Members of the Audit Committee may receive remuneration for their work in the committee at the maximum hourly rate approved by the General Shareholders' Meeting.

The Company's Audit Committee is guided by the Regulations of the Audit Committee (hereinafter referred to as the Regulations) approved by the General Shareholders Meeting of the Company held on 29 March 2023. The Regulations are published on the Company's website in the section *For investors*.

**13.2. Members of the Audit Committee**

During the General Shareholders Meeting of INVL Baltic Farmland held on 9 April 2021, the decision to elect Dangutė Pranckėnienė, partner and auditor of Moore Stephens Vilnius, UAB and Tomas Bubinas for the Audit Committee for the 4 (four) years of office term has been adopted. Both members of the Audit Committee are independent, having submitted a notice certifying their independence.

During the reporting period the composition of the Audit Committee remain unchanged.



**Tomas Bubinas** – Independent Member of the Audit Committee

**The term of office**

Since 2021 till 2025

**Educational background and qualifications**

2004 - 2005 Baltic Management Institute (BMI), Executive MBA  
1997 - 2000 Association of Chartered Certified Accountants. ACCA. Fellow Member  
1997 Lithuanian Sworn Registered Auditor  
1988 - 1993 Vilnius University, Msc. in Economics

**Work experience**

2013 - 2022 Chief Operating Officer at Biotechpharma, UAB  
2010 - 2012 Senior Director, Operations. TEVA Biopharmaceuticals (USA)  
2004 - 2010 CFO for Baltic countries, Teva Pharmaceuticals  
2001 - 2004 CFO, Sicom Biotech  
1999 - 2001 Senior Manager, PricewaterhouseCoopers  
1994 - 1999 Senior Auditor, Manager, Coopers & Lybrand.

**Owned amount of shares in INVL Baltic Farmland**

-



**Dangutė Pranckėnienė** – Independent Member of the Audit Committee

**The term of office**

Since 2021 till 2025

**Educational background and qualifications**

1995 - 1996 Vilnius Gediminas Technical University, Master of Business Administration.  
1976 - 1981 Vilnius University, Master of Economics.  
The International Coach Union (ICU), professional coach name, license No. E-51.  
Lithuanian Ministry of Finance, the auditor's name, license No. 000345.

**Work experience**

Since 1997 the Partner at Moore Mackonis, UAB (previous name Moore Stephens Vilnius and Verslo auditas)  
1996 - 1997 Audit Manager, Deloitte & Touche  
1995 - 1996 Lecturer, Vilnius Gediminas Technical University  
1982 - 1983 Lecturer, Vilnius University

**Owned amount of shares in INVL Baltic Farmland**

-

**14. Information on the Issuer's payable management fee, the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Managing bodies and company providing accounting services**

CEO of the Company is entitled only to a fixed salary. The Company does not have a policy concerning payment of a variable part of remuneration to the management.

During the year 2023 to the Board members, which are shareholders of the Company, were paid EUR **40** thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR **147** thousand of dividends, net of tax. Natural persons, who are related to the Board members of the Company, were paid EUR **127** thousand of dividends, net of tax. There were no assets transferred, no guarantees granted, no bonuses paid and no special pay-outs made by the Company to its managers. The Members of the Board were not granted with bonuses by other companies of INVL Baltic Farmland, AB group. An independent member of the board was paid **200** EUR.

INVL Baltic Farmland, AB Group and the Company for the company providing accounting services respectively paid EUR **72** thousand and EUR **13** thousand during the reporting period (in 2022 – respectively EUR 75 thousand and EUR 13 thousand; in 2021 – respectively EUR 34 thousand and EUR 5 thousand; in 2020 – respectively EUR 15 thousand and EUR 3 thousand; in 2019 – respectively EUR 15 thousand and EUR 3 thousand).

According to Article 23 (3) of the Law on Financial Statements of Enterprises of the Republic of Lithuania, the Company must publish the Remuneration Report from the year 2020. The Company's Remuneration Report is provided in the Appendix 5 of the Annual Report.

Table 14.1. Information about calculated remuneration for the CEO of the issuer for 2021 - 2023 (EUR)

	<b>2021</b>	<b>2022</b>	<b>2023</b>
For members of administration (the CEO)	2,044	2,044	<b>1,988</b>

## IV. INFORMATION ABOUT THE ISSUER'S AND ITS GROUP COMPANIES' ACTIVITY

### 15. Overview of the Issuer and its group activity

#### 15.1. Business environment

According to information from the State Data Agency, the average annual inflation rate in 2023 in Lithuania was 9.1% (for comparison, in 2022 annual inflation was recorded at 19.7%). The average annual inflation was mainly influenced by the increase in the prices of pharmaceutical products, meat and its products, restaurants, cafes and similar establishments of public catering services, cars, tobacco products, plumbing, other personal care devices, supplies and tools. However, prices of electricity, thermal energy, fuel and lubricants, solid fuel have decreased. Consumer services prices increased by 6.7 % year-on-year and goods prices decreased by 1.0%. Consumer goods prices peaked in March 2023 and from March to the end of the year it decreased by 2.6%. The prices of consumer services reached their highest point at the end of the year. Average annual inflation stood at 6.4 % in the European Union (EU) in 2023 and 5.4% in the euro area. Average annual inflation in Lithuania was 8.7% according to the Harmonised Index of Consumer Prices (HICP) with other EU Member States (compared to 18.9% in 2022).

Lithuania's gross domestic product (GDP) in 2023 was €72.1 billion at the prices of the time, based on preliminary data from the State Data Agency. Compared to 2022, the real GDP change, excluding seasonal and working days, was negative at -0.3%. The biggest (-1.2%) negative influence on the GDP change had the performance results of industrial companies. However, the positive results of the activities of construction and service companies restrained the GDP fall, contributing 0.6% and 0.3% point to the annual change in GDP, respectively. In Q1, after removing the influence of the season and the number of working days and comparing with the previous quarter, GDP fell by 2.1%. This was most influenced by the performance of manufacturing, wholesale and retail trade, transport and storage, and real estate operations companies. 2.9% GDP growth was recorded in Q2 which was stimulated by the positive performance of transport and storage, construction, manufacturing companies. In Q3, the GDP almost did not change - the real GDP change was -0.02%. The biggest negative impact on such GDP change was the performance of industrial, wholesale and retail trade and real estate operations companies, while the biggest positive impact was the performance of construction and information and communication companies. In the last quarter of the year, due to the worse performance of industry, wholesale and retail trade and transport and storage companies, GDP was 0.3% lower than in Q3 of the year.

According to the Bank of Lithuania, global economic activity in 2023 suffocated. The global economy has revived at the start of the year as China reopened after pandemic restrictions and as many countries saw increased demand for services that had suffered during the pandemic. However, trends in another important sector, industry, were bleak. Higher interest rates, limited investments, decreased activity in real estate markets and accumulated inventories gradually reduced the volume of manufacturing output. In the US and the Eurozone, the industrial sector contracted, while in China it stagnated. This negatively affected the foreign trade and general economic activity of many countries. The poor situation in the industrial sector also had an adverse effect on the service sector, whose development was also dampened by the fading positive effects of the post-pandemic opening. For these reasons, the growth forecasts of many countries and regions, especially for 2024, have been lowered. In the economic forecast of the European Commission (EC) published in November 2023, it is estimated that the EU GDP in 2024 will grow by 1.3%. (1.6% growth forecast in May), and in 2025 - 1.7%. The EC expects economic activity to grow gradually as consumption recovers due to a strengthening labor market, wage growth and further decline in inflation. However, Russia's protracted war against Ukraine and the conflict in the Middle East have increased uncertainty and the risk of a slowdown in economic development in recent months. The impact of these factors on the energy market has been limited recently, but there is a risk of disruption to energy supplies, which could have a significant impact on energy prices, global production and the overall price level. As for the EU's internal market, the impact of monetary policy tightening may affect economic activity for a longer time and to a greater extent than envisaged by the EC in the November 2023 forecast.

According to the Bank of Lithuania, the country's economy has paused. It is basically neither growing nor falling and has been dormant for about two years. It is important to mention that the economy is not growing at a time when the population in Lithuania is grown, the real income of the population is rising, and funds from the European Union (EU) support funds are increasing. Therefore, according to the Bank of Lithuania, it seems that the economic growth potential is not fully utilized, due to insufficient domestic and external demand. According to the Ministry of Finance of the Republic of Lithuania, in 2023 economic activity was particularly suppressed by the great instability of the external environment, the global economic uncertainty caused by Russia's war against Ukraine and the conflict in the Middle East, and the impact of tightened monetary policy on domestic and foreign demand. However, in 2023 the labour market remained resilient. Despite the high comparative base, the number of employed population increased by 1% in Q1-Q3 compared to the corresponding period a year ago. Although business expectations and production volumes in the industry remained poor, a significant contribution to the growth of the number of employed was made by manufacturing, where the number of the employed population increased by 3.5% in Q1-Q3. The growing hiring of employees and the high level of vacancies in this activity show that the business considers the difficulties experienced in the export markets to be short-term. The growth in the number of employed people in the country reflects the strong demand for workers, which is also reflected in the data on job vacancies. According to the data of the State Data Agency, the number of vacancies in the country in Q3 was the highest since the data calculation began in 2008. - 28.1 thousand, indicating increased tension in the labor market. Transport and storage activities offered the largest number of vacancies - a fifth. According to Eurostat's demographic forecasts in June, from 2025 mainly due to the negative natural population change, the number of the working-age population in Lithuania will start to decrease. Due to the decreasing supply of workers, there will be little room for the number of employed population to grow. In 2024, with the recovery of economic activity, the growth of the employed population is expected to be 0.3%, and in 2025-2026. no growth is expected (a decrease of 0.1 and 0.2% is expected, respectively).

The overview of the development and prospects of the Lithuanian economy presented by the Bank of Lithuania states that the development of the Lithuanian economy will be sluggish in the near future. Due to the worse international economic environment, economic growth in 2024 will depend heavily on domestic demand. It is expected that the real income of the population will rise significantly, so there will be room for private consumption to increase. It is true that the dynamics of consumption will also depend on the mood of the population. If the population remains cautious, then consumption may rise less than currently predicted. It is expected that the economic activity will be further increased by investments, as funds from the EU support funds should continue to increase. It is true that investments are not expected to grow as much as this year. It is predicted that the real GDP in 2024 will grow by 1.8%. Inflationary pressures are also expected to ease further. One of the main reasons for this is the reduced pressure from external factors (for example, the prices of energy resources). Less and less pressure also comes from domestic economic development. Although (nominal) labour costs are growing rapidly and this has an increasing effect on prices, the increase in these costs is starting to slow down. The prices of services, which are mostly related to the state of the domestic economy, are also rising less and less. It is expected that in 2023 8.7% according to the HICP, the average annual inflation next year will be 2.5%.

According to the Chamber of Agriculture, almost €4 billion of EU support is foreseen for Lithuania's agriculture and rural development for the period 2023–2027, and around €276.5 million will come from the national budget. €3.02 billion of EU funds and around €2.8 billion of national funding are planned for direct support, eco-schemes for the climate, environment, and animal welfare, and sectoral programmes. €977.5 million of EU funding and €273.7 million of national funding are earmarked for investment, cooperation, environmental, climate, and other rural development measures. The average annual amount of direct payments increased by around 28% compared to the previous financial period. According to the Ministry of Agriculture, as of 2023, a 100% cap on base payments will be applied to amounts above €100 thousand, with the possibility to withhold salaries and related taxes.

According to preliminary estimates by the State Data Agency, the value of agricultural production at current prices decreased by 3.1% in 2023 (compared to 2022). The value of crop production decreased by 5.2%, and the value of livestock products increased by 1.3%. The purchase prices of crop products decreased by 24.4%, purchase prices of livestock products – 9.8%. The purchase prices for rapeseed, legumes, cereals (respectively 31.2%, 30.4% and 26.7 %), for livestock products – milk (28.3 proc.) and cattle (5.2%) decreased the most. According to the preliminary data, harvest of winter barley (21.8%), sugar beet (20.0%), oats (8.8%) saw the largest increases in 2023. This is due to increased yields and/or increased crop area. Corn (18.1%), buckwheat (14.8%), and winter rapeseed (10.5%) were the most affected by the decrease of fertility and (or) in crop area.

Looking at longer-term trends, the agricultural sector remains stable. Operational efficiency in the country is increasing. Crop yields have almost doubled over 10 years. There has been a significant increase in value added by the sector. This is supported by investments in agricultural techniques, the expansion of farms, and the development and adaptation of knowledge and new technologies for the modernisation of agriculture. Over the last decade, agriculture, food, and rural development have received significant support from the European Union's Structural Funds which continues to grow. The increase in the support provided usually results in an increase in the price of land and in the price of land leases.

The growth of prices of agricultural land continues to be significantly affected by the growing incomes of the market players and the activity of the market players in more expensive territories provided with well-developed communications and road and services infrastructure. The value of plots of agricultural land is also affected by the high profitability of agricultural activities supported by EU grants for agriculture as well as the increase in the sizes of farms resulting from acquisition or lease of additional agricultural land. The supply of plots of agricultural land in Lithuania is fairly active, but the selection of land plots suitable for farming is becoming scarce. Major farmers increase their facilities by purchasing small land plots, but the supply of these shrinks each year. Fertile land plots are sold very quickly.

The restrictions on the acquisition of agricultural land enforced in Lithuania and the consistently growing purchase price of plots of agricultural land raise the demand for leased land and the lease rates. Young farmers, farmers with large farm areas and agricultural companies are very interested in the lease of land plots since after plots of agricultural land are leased a higher probability to subsequently purchase them appears in case land owners wish to sell their land plots.

More stringent amendments to the Provisional Law on the Acquisition of Agricultural Land became effective in May 2014. These amendments do not allow related parties to acquire more than 500 hectares of land from the State or other persons. A new wording of the Law on the Acquisition of Agricultural Land became effective on 1 January 2018. The wording of the law enforced prior to 2018 only permitted the purchase of agricultural land to a person that has professional skills and competence, i.e. satisfies the eligibility requirements prescribed by the law. The new wording of the law enforced from 1 January 2018 does not contain any eligibility requirements. The list of persons that have the pre-emptive right to purchase private agricultural land was adjusted in the Law on the Acquisition of Agricultural Land. The new wording of the law ensures the right to purchase land for persons engaged in agricultural activities. The new wording of the law provides for the prohibition to land plot owners to set the condition of sale of a land plot providing that a person that enjoys the pre-emptive right only may avail of it if it acquires the land plot together with the other land plots offered for sale. This provision is no longer effective when land plots offered for sale have adjacent borders. The new wording of the Law on the Acquisition of Agricultural Land effective from 1 January 2018 provides that agreements of purchase and sale of land may only be executed with payments made via bank transfers. The new wording of the law also provides that related parties that manage in the Lithuanian territory by right of ownership agricultural land plots with an area greater than specified in the law (300 hectares, in certain cases 500 hectares) may conclude agreements of transfer of agricultural land plots with each other provided that the total area of the agricultural land acquired by such related parties does not increase as a result of such agreements and that the area of the agricultural land of each of these related parties does not exceed 500 hectares.

INVL Baltic Farmland owns 100% of the shares of 18 private joint-stock companies, which, taken together, have purchased an approximately 3,000 hectares of agricultural land in Lithuania.

Starting from 30 June 2015, when the simple administration agreement was signed with INVL Farmland Management, a company managed by Invalda INVL (one of the largest asset management groups in the Baltic countries), the administration of land plots was assigned to this company. On 28 December 2020, an amendment to the Simple Property Administration Agreement No

20150630/01 was executed, on the basis of which the term of the agreement for property administration was extended until 31 December 2025.

The enforced more stringent requirements for the acquisition of land have resulted in that companies of the INVL Baltic Farmland group are no longer able to directly invest in agricultural land in Lithuania and are unable to overtake the control of companies that manage agricultural land.

INVL Baltic Farmland is seeking to earn in the long run from the increase in land rent and from the growth of the value of land. According to the data of the property valuation conducted in Q4 2023, the value of the land plots has increased in the course of the year by 14.7% and reached EUR 20.76 million. One hectare is valued on average at EUR 6.74 thousand (divided by the total amount).

The following graph shows the difference of prices of agricultural land in Lithuania by region:

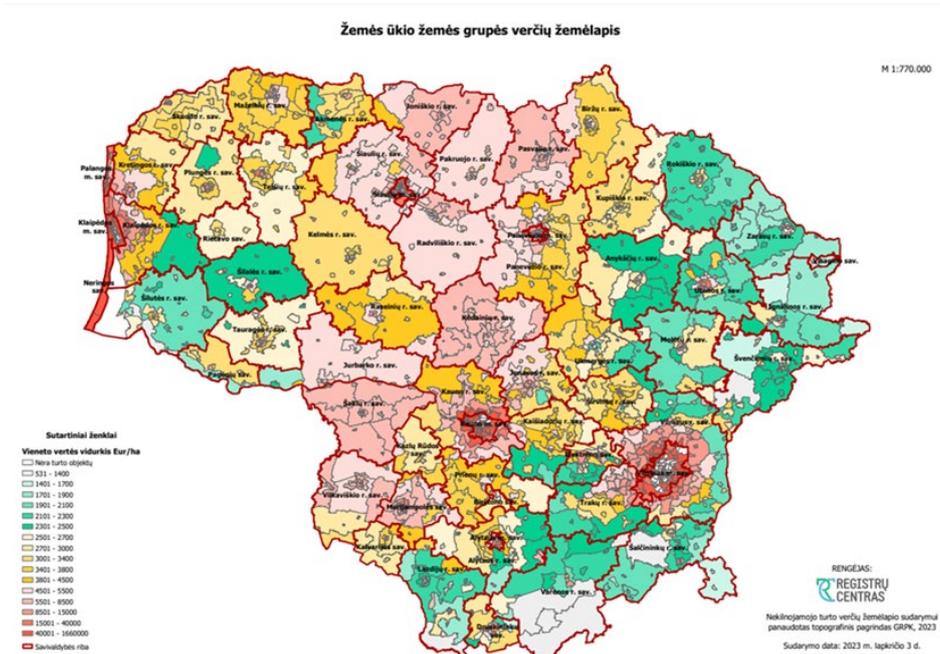


Fig. 15.1.1. Map on values of land qualified as agricultural land in Lithuania.

Source: the Centre of Registers (data as of 3 November 2023)

[https://www.registrucentras.lt/bylos/dokumentai/ntr/masvert/zem\\_zu202311.pdf](https://www.registrucentras.lt/bylos/dokumentai/ntr/masvert/zem_zu202311.pdf)

### Group key figures

	31 December 2021	31 December 2022	31 December 2023
Controlled cultivated cropland area*, ha	2,979	2,963	<b>2,963</b>
Book value of land**, EUR thousand	16,620	18,092	<b>20,756</b>
Average rental income per hectare, EUR (not included the variable part of the rent, equal to the land lease payment payable to the state)	215	239	<b>256</b>
Consolidated equity, EUR thousand	14,942	16,135	<b>18,294</b>
Book value of one share, EUR	4.63	5.0	<b>5.67</b>

\* A plot of land with an area of 16.0602 ha of agricultural land was sold in 2022.

\*\*Investment properties are stated at fair value and are valued by accredited valuer UAB korporacija Matininkai using sales comparison method. The valuation was performed in December 2021, 2022 and 2023.

*The balance sheet and profit (loss) summary reports*

Balance sheet, thousand EUR	Group			Company		
	31.12.2021	31.12.2022	31.12.2023	31.12.2021	31.12.2022	31.12.2023
Investment property	16,620	18,092	<b>20,756</b>	-	-	-
Investments into subsidiaries	-	-	-	11,436	13,130	<b>15,661</b>
Loans granted	-	-	-	3,547	3,036	<b>2,739</b>
Trade receivables	170	126	<b>131</b>	19	10	<b>12</b>
Cash	144	199	<b>59</b>	27	61	<b>7</b>
Other assets	1	2	<b>1</b>	1	2	<b>1</b>
Deferred income tax liabilities	1,798	2,023	<b>2,425</b>	-	-	-
Other liabilities	195	261	<b>228</b>	88	104	<b>126</b>
Consolidated equity	14,942	16,135	<b>18,294</b>	14,942	16,135	<b>18,294__</b>
<b>Profit (loss)</b>	<b>01.01.2021 – 31.12.2021</b>	<b>01.01.2022 – 31.12.2022</b>	<b>01.01.2023 – 31.12.2023</b>	<b>01.01.2021 – 31.12.2021</b>	<b>01.01.2022 – 31.12.2022</b>	<b>01.01.2023 – 31.12.2023</b>
Revenue	665	722	<b>794</b>	-	-	-
Revaluation of investment property	1,256	1,922	<b>2,664</b>	-	-	-
Income before tax	1,655	2,310	<b>3,094</b>	1,428	1,980	<b>2,663__</b>
Net profit	1,411	1,968	<b>2,643</b>	1,411	1,968	<b>2,643__</b>

*Indexes*

	2021	2022	2023
Return on Equity (ROE), %	9.75	12.67	<b>15.35</b>
Return on Assets (ROA), %	8.60	11.13	<b>13.43</b>
Liquidity ratio	1.62	1.25	<b>0.84</b>
Operating profit margin (pretax profit margin), %	248.87	319.94	<b>389.67</b>
Operating profit excluding revaluation of investment property margin, %	60.00	53.74	<b>54.16</b>
Earnings per share (EPS), EUR	0.44	0.61	<b>0.82</b>
Price earnings ratio (P/E)	17.50	13.28	<b>8.78</b>
Net profit margin (%)	212.18	272.58	<b>332.87</b>
EBITDA margin (%)	60.00	53.74	<b>54.16</b>

\* The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in Appendix 4 to this Consolidated Annual report and in Company's web site section „For Investors“ → „Reports“ → „Indicator formulas“. The link: <https://invlbalticfarmland.com/en/investor-relations/financial-information-and-reports/>

## 15.2. Significant Issuer's and its group events during the reporting period, affect on the financial statement

*Financial results and information related to the dividends*

- On 28 February 2023, the Company announced an audited group result of 2022. The audited consolidated net profit of INVL Baltic Farmland, AB Group and the Company amounted to EUR 1,968 thousand, the revenue amounted to EUR 722 thousand.
- On 7 March 2023, INVL Baltic Farmland informed that it is planning during 2023 to receive EUR 790 thousand of revenue and earn a consolidated net profit of EUR 365 thousand.

- On 26 April 2023, INVL Baltic Farmland to implement resolutions of the General Shareholders Meeting regarding allocation of Company's profit, announced the procedure for the pay-out of dividends for 2022. On 29 March 2023, the General Shareholders Meeting of INVL Baltic Farmland, AB decided to allocate EUR 0.15 dividend per share. Dividends were paid to the shareholders who on 13 April 2023 were shareholders of INVL Baltic Farmland, AB. The Company informed that the dividends had been allocated from 27 April 2023.
- On 10 May 2023, the Company announced financial results for 3 months of 2023 - the unaudited consolidated net profit of the AB INVL Baltic Farmland group was EUR 119 thousand and the revenue amounted to EUR 190 thousand.
- On 25 July 2023, the Company announced unaudited consolidated financial results of the INVL Baltic Farmland group: unaudited consolidated net profit amounted to EUR 218 thousand for 6 months of 2023 and the revenue was EUR 379 thousand. The Company published half year results for the 6 months of 2023, financial statements, factsheet and management statement.
- On 8 November 2023, INVL Baltic Farmland announced unaudited results for 9 months of 2023: unaudited consolidated net profit of the AB INVL Baltic Farmland group was EUR 315 thousand and the revenue was EUR 569 thousand.

#### **General Shareholders Meeting**

- On 7 March 2023 INVL Baltic Farmland announced about convocation of the General Shareholders Meeting and published the draft resolutions of the General Shareholders Meeting. On 29 March 2023 the Company announced resolutions of the General Shareholders Meeting: during the meeting the Shareholders of the Company were presented with the consolidated annual report of the Company, independent auditor's report on the financial statements and annual report, as well as Audit Committee activity report and, approved the consolidated and Companies financial statements for 2022, decided on profit distribution (allocating EUR 0.15 dividend per share). The shareholders also made decisions regarding the assent to the remuneration report of the Company, as a part of the consolidated annual report of the Company for the year 2022, regarding the amendment of the Articles of Association of the Company, the approval of the new version of the Articles of Association and the appointment of a person authorised to sign the new version of the Articles of Association, regarding the approval of new versions of the Remuneration policy as well as Regulations of Audit Committee, regarding the establishment of the procedure of the acquisition of own shares of the Company.

#### **Management of the Company**

- On 18 April 2023 the Company announced about the registration of the new wording of the Articles of Association of INVL Baltic Farmland by the Register of Legal Entities. Shareholders of the Company approved the draft Articles of Association on 29 March 2023, during the Ordinary General Shareholders meeting of the Company. The Articles of Association have been changed in order to implement the current wording of the Law on Companies of the Republic of Lithuania.
- On 14 December 2023 INVL Baltic Farmland published investor's calendar for 2024: 29 February – audited financial reports and annual report; 9 May – factsheet for 3 months of 2024; 30 July – semi-annual report of 2024; 12 November – factsheet for 9 months of 2024.

#### **Significant changes in the information disclosed in the consolidated annual report and significant events of the group**

- The companies during the reporting period rented agricultural land for farmers and agricultural companies and performed usual.

#### **15.3. Employees**

There is only one employee (director) at INVL Baltic Farmland, AB. Invalda INVL, AB provides accounting services for the Company. Employment agreements are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code. There are no special employees' rights and duties described in the employment agreements.

There were 2 employees working at INVL Baltic Farmland and INVL Baltic Farmland subsidiary companies on 31 December 2023 (31 December 2022 – 2; 31 December 2021 – 2; 31 December 2020 – 2; 31 December 2019 – 2).

#### **15.4. Environmental Protection and actions on climate change**

Due to the corporate governance structure and the small amount of employees within the Company, it was considered inefficient to separately approve environmental policy. We seek to protect the productivity of the land while renting in land to the land tenants. By entering into contracts, the tenants are committed to ensure the timely and proper operation of the land, not to abandon it, to prevent it from being set aside and to carry out annual agricultural work. Actions which may have negative effect on fertility of the land, is prohibited. The Company is not committed to climate change goals, but it assesses and, if necessary, takes appropriate actions to manage risks related to climate issues.

#### **15.5. Fight against corruption and bribery**

In order to reduce the risk of external and internal bribery, the Company applies internal procedures that ensure the transparency of operations by preventing the possibility of being involved in crimes. The Company expects appropriate behaviour from its employees and partners but cannot assess the diversity of all possible situations. Also, since the Company operates only in the

territory of the Republic of Lithuania, cases of bribery of foreign officials when concluding international business transactions are not relevant.

## 16. A description of the principal advantages, uncertainties encountered, risks and uncertainties

### 16.1. Advantages of investments

#### *Agricultural land in Lithuania is undervalued*

Agricultural land prices in Lithuania are among the lowest in the European Union, and much lower than in neighbouring Poland. This is caused by increased land fragmentation and other reasons.

#### *Land allows saving core capital and has a low risk*

After recent market turmoil, investors are paying more and more attention on capital preservation. Investment in agricultural land is backed by assets which has only a small possibility of devaluation. Historical data shows that land, in the long term, is characterized by strong core capital preservation features. Unlike investments in exhaustible metals, oil and gas resources, a well-managed agricultural land is a completely renewable resource, which remains productive forever.

#### *Land is a good protection against inflation*

Agricultural land, as an asset class, has a positive correlation with inflation. Historically, agricultural land values rose faster than inflation, therefore agricultural land is an effective insurance against inflation and a capital preservation tool. It may be attractive to investors, who are worried about governments' inflationary policies.

#### *Land generates stable income*

Unlike other popular insurance against inflation measures, such as precious metals, land provides a regular income to the investor, which, in the low interest environment, is often higher than the deposit or bond interest. Although land investment does not bring the highest income in the real estate sector, not depreciating assets with strong price growth potential and close to 100 % occupation (unlike commercial real estate, high-quality agricultural land demand is always high, regardless of the economic environment) generate the income.

#### *Investment in land is characterized by lower income volatility*

By placing agricultural land in a diversified portfolio, investors can reduce the risk of income shortage at a time when other assets generate little or no income. While the long-term rise in agricultural commodity prices positively affect the value of land, short-term fluctuations in the price of production are assumed by the farmer rather than the landowner.

#### *Historically, land had higher yield*

In developed countries agricultural land had higher profits than other asset classes, including equities, bonds and commercial real estate, despite the lower risk (measured as the standard deviation of the annual return).

#### *Land is an attractive diversification tool*

Agricultural land yield has a low or even negative correlation with traditional asset classes like stocks and bonds, and a small positive correlation with residential and commercial real estate. These features make farmland an attractive diversification tool that can reduce the impact of general market fluctuations on diversified portfolio.

#### *Agricultural land advantages compared with other real estate investments*

Investment in agricultural land is classified as a real estate but has unique features. This allowed agricultural land to protect itself from extreme falls in the value of assets, which were experienced by residential and commercial property during the crisis.

### 16.2. Risk factors

Information, provided in this section, should not be considered complete and covering all aspects of the risk factors associated with the activity and securities of the public joint-stock company INVL Baltic Farmland.

#### **Risk factors, associated with activities of INVL Baltic Farmland**

##### *Restriction of the purchase of agricultural land*

The public joint-stock company INVL Baltic Farmland invests in agricultural land in Lithuania through its owned private companies. On 1 January 2014 changes to the Agricultural Land Acquisition temporary law (No. IX-1314) entered into force, providing restrictions of the purchase of agricultural land (including restriction of purchase of shares in the legal entity owning agricultural land). This law was changed from 1 January 2018 by Agricultural Land Acquisition law (No. XIII-801). These restrictions mean that the public joint-stock company INVL Baltic Farmland and its owned private companies will not be able to purchase agricultural land in Lithuania additionally and/or acquire shares in companies owning agricultural land.

Prohibition stated in the law can reduce the amount of buyers of agricultural land, owned by subsidiaries of the public joint-stock company INVL Baltic Farmland, and thus the liquidity and price of the asset.

##### *The total investment risk*

The value of the investment in agricultural land can vary in the short term, depending on the harvest, prices of agricultural products, local demand and supply fluctuations, competition between farmers and financial situation. Investment in agricultural land should be carried out in the medium and long term, so that investor can avoid the short-term price fluctuations. Investing in real estate is connected with the long-term risks. After failure of investments or under other ill-affected circumstances (having been unable to pay for the creditors) the bankruptcy proceedings may be initiated.

#### *Agricultural production and other commodity price volatility risk*

Agricultural products and other commodities prices are historically characterized by very large fluctuations, on which, in many cases, depends the price of agricultural land. The main factor affecting profitability of agricultural business is the price of the crop (wheat, canola, etc.), but fuel, labour, fertilizers' and other commodity prices also affect the cost of agricultural activity, therefore their increase lowers profit margins and reduces the ability to pay higher prices for agricultural land leases. If high fuel, fertilizer and labour costs coincide with the fall of agricultural output prices, farmers and investors in the agricultural sector may suffer a loss.

#### *Common agricultural risk*

The public joint-stock company INVL Baltic Farmland will seek to lease its owned agricultural land to farmers and agricultural companies for the highest price possible. Factors that could adversely affect the agricultural sector may be weather conditions (floods, droughts, heavy rains, hail, frost, weeds, pests, diseases, fire, climate change related worsening conditions and others). Any of these factors, together or separately, could have a negative impact on farmers' incomes and farmland values. Part of the risks, not all, can be insured, but the insurance costs reduce agricultural profitability, thus not all Lithuanian farmers do it.

#### *Reliance on the European Union and national subsidies*

Lithuanian and the European Union farmers' activities and profits are highly dependent on the European Union's Common Agricultural Policy (CAP) - EU and national subsidies for agricultural activities. Recent changes to the CAP are valid for the period 2021-2027.

Elimination of direct payments could have a negative impact on agricultural land rents and values.

#### *Land illiquidity risk*

Investments in agricultural land under certain market conditions are relatively illiquid, thus finding buyers for these lands can take time. Investors may consider the investment in agricultural land only if they do not have needs for the sudden liquidity.

#### *Risk of legislative and regulatory changes*

Lithuanian law, the European Union directives and other legislative changes may affect the income of farmers and agricultural land rents. For example, changes affecting agricultural products price controls, export restrictions, customs entry or withdrawal, more stringent environmental restrictions could adversely affect the profitability of agriculture.

#### *Tax increase risk*

Tax laws change may lead to a greater taxation of the public joint-stock company INVL Baltic Farmland and its group companies, which in turn may reduce the profits and assets of the Company.

#### *Inflation and deflation risk*

It is likely that during its operational period the public joint-stock company INVL Baltic Farmland will face both inflation and deflation risks as investments in agricultural land are long term. If the profit from the agriculture land rent will be less than the inflation rate, it will result in loss of purchasing power. It is estimated that investment in agricultural land profitability is highly correlated with inflation.

#### *Credit risk*

The public joint-stock company INVL Baltic Farmland will seek to lease agricultural land plots in the highest price possible to farmers in Lithuania and agricultural companies. There is a risk that tenants of the land will not fulfil their obligations - it would adversely affect the profit of the public joint-stock company INVL Baltic Farmland. Large parts of liabilities not fulfilled in time may cause disturbances in activities of the public joint-stock company INVL Baltic Farmland, there might be a need to seek additional sources of financing, which may not always be available.

The public joint-stock company INVL Baltic Farmland also bears the risk of holding funds in bank accounts or investing in short-term financial instruments.

#### *Liquidity risk*

The public joint-stock company INVL Baltic Farmland may be faced with a situation where it will not be able to settle with suppliers and other creditors in time. The Company will seek to maintain adequate liquidity levels or secure funding in order to reduce this risk.

#### *Interest rate risk*

Interest rate risk mainly includes loans with a variable interest rate. The public joint-stock company INVL Baltic Farmland plans to use very small amount of debt. Rising interest rates worldwide may adversely affect the values of property - agricultural land.

#### *Large shareholders risk*

Three shareholders of the public joint-stock company INVL Baltic Farmland together with related parties hold more than 60 percent of shares and their voting will influence the election of the Members of the Boards of Company, essential decisions regarding management of the public joint-stock company INVL Baltic Farmland, operations and financial position. There is no guarantee that the decisions made by the major shareholders' will always coincide with the opinion and interest of the minority shareholders. Large shareholders have the right to block the proposed solutions of other shareholders.

### **Market-related risks**

#### *Market risk*

Shareholders of the public joint-stock company INVL Baltic Farmland bear the risk of incurring losses due to adverse changes in the market price of the shares. The stock price drop may be caused by negative changes in assets value and profitability of the Company, general stock market trends in the region and the world. Trading of shares of the public joint-stock company INVL Baltic Farmland may depend on comments of the brokers and analysts and published independent analyzes of the Company and its activities. The unfavourable analysts' outlook of the shares of the public joint-stock company INVL Baltic Farmland may adversely affect the market price of the shares. Non-professional investors assessing the shares are advised to seek the assistance of intermediaries of public trading or other experts in this field.

#### *Liquidity risk*

If demand for shares decreases or they are deleted from the stock exchange, investors will face the problem of realization of shares. If the financial situation of the public joint-stock company's INVL Baltic Farmland deteriorates, the demand for Company's shares may drop, which will lead to fall in share price.

#### *Dividend payment risk*

Dividend payment to the shareholders of the public joint-stock company INVL Baltic Farmland is not guaranteed and will depend on the profitability, investment plans and the overall financial situation of the Company.

#### *Tax and legal risk*

Changes in the equity-related legislation or state tax policy can change shares attractiveness of the public joint-stock company INVL Baltic Farmland. This may reduce the liquidity of the shares of the Company and/or price.

#### *Inflation risk*

When inflation increases, the risk, that the stock price change may not offset the current rate of inflation, appears. In this case, the real returns from capital gain on market shares for traders may be less than expected.

### **16.3. The main indications about internal control and risk management systems related to the preparation of consolidated financial statements**

The Audit Committee supervises preparation of the consolidated financial statements, systems of internal control and financial risk management and how the Company follows legal acts that regulate preparation of consolidated financial statements.

The Company is responsible for the supervision and final review of the consolidated financial statements. To order to manage these functions properly, the Company is using an external provider of relevant services (Invalda INVL, AB). The Company, together with the accounting service provider constantly reviews International Financial Reporting Standards (IFRS) in order to implement in time IFRS changes, analyses Company's and group's significant deals, ensures collecting information from the group's companies and timely and fair preparation of this information for the financial statements, periodically informs the Board of the Company about the preparation process of financial statements.

Accounting of all the Company Group's entities is provided by the same external accounting service provider (Invalda INVL AB) by using the unified accounting system, the standard chart of accounts and by applying unified accounting principles. Standardized data collection files prepared by Excel program are used for preparation of consolidated numbers. It also facilitates the automatic reconciliation and elimination of balances and transactions between subsidiaries in the preparation of consolidated accounts. Internal control of the financial numbers of the Group's entities and of the Group financial statements is provided by CFO of external accounting service provider.

### **17. Significant investments made during the reporting period**

During the reporting period INVL Baltic Farmland, AB has not made any acquisitions.

### **18. Information about significant agreements to which the issuer is a party, which would come into force, be amended or cease to be valid if there was a change in issuer's controlling shareholder**

In 2023 there were no significant agreements of the Company which would come into force, be amended or cease to be valid if there was a change in issuer's controlling shareholder.

### **19. Information on the related parties' transactions**

Information on the related parties' transactions is disclosed in Notes 17 of consolidated financial statements for the year ended 31 December 2023.

## 20. Information on harmful transactions in which the issuer is a party

There were no harmful transactions (those that are not in line with issuer's goals, not under usual market terms, harmful to the shareholders' or stakeholders' interests, etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer's activities or business results. There were also no transactions where a conflict of interest was present between the managing bodies of the Company, controlling shareholders' or other related parties' obligations to the issuer and their private interests.

## 21. Significant events since the end of the financial year

There were no events since the end of the financial year.

## 22. Estimation of Issuer's and Group's activity last year and activity plans and forecasts

### 22.1. Evaluation of implementation of goals for 2023

The initial forecast of INVL Baltic Farmland for year 2023 was income of EUR 790 thousand and net profit of EUR 365 thousand.

INVL Baltic Farmland had revenue of EUR 794 thousand in 2023 and earned unaudited net profit of EUR 2,643 thousand for the year. Profit was forecasted under the assumption that the value of agricultural land holdings in the balance sheet would not change and the change in the value of trade receivables by the buyers was not assessed, but a valuation conducted by the company Matininkai showed that land holding value had increased by 14.7% to EUR 20.76 million compared to previous year, or EUR 6.74.87 thousand per hectare. Excluding these non-estimated factors and the related income tax expense, INVL Baltic Farmland's profit would be EUR 395 thousand. Therefore, after assessing the favourable market trends that allowed to increase the value of assets, it can be stated that INVL Baltic Farmland has accomplished and exceeded the calculated profit forecasts for 2023.

### 22.2. Activity plans and forecasts

At the time of issuing this report, the forecasts of 2024 year have not been approved. Upon approval, the Company will inform about the activity plans and forecasts in a separate notice.

## V. OTHER INFORMATION

### 23. Additional non - financial information

As the Company has only one employee (Director) (there were 2 employees working at INVL Baltic Farmland and INVL Baltic Farmland subsidiary companies on 31 December 2023), the Company is not subject to the requirements for the preparation of a non-financial statement.

### 24. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and Company's financial statements explanatory notes of 2023.

### 25. Information on financial risk management objectives used for hedging measures which hedge accounting and of price risk, credit risk, liquidity risk and cash flow risk where the company group uses financial instruments and is an important evaluation of the property, own capital, liabilities, revenue and expenses

The information is disclosed in Note 3 to the consolidated and the Company's 2023 financial statements.

### 26. Information about activities of the Issuer and companies comprising the issuer's group in the field of research and development

INVL Baltic Farmland, AB did not deliver major researches and expansion projects in 2023.

### 27. Information about agreements of the Company and its managing bodies, members of the formed committees, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control (official offering) of the Company.

There are no agreements of the Company and the Members of the Board, or director providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company.

### 28. Information about any control systems in the employee share plan that are not exercised directly by employees

The Issuer does not apply control systems to share-based payment schemes to its employees.

### 29. Information on audit company

The Company has not approved criteria for selection of the audit company, but normally 'big 4' audit firms (Deloitte, KPMG, PricewaterhouseCoopers and Ernst and Young) are invited to participate.

Audit services on annual financial statements of the Company for the financial year of 2023 was provided by the audit company PricewaterhouseCoopers, UAB. In the General Extraordinary Shareholders' Meeting of the Company held on 31 October 2022 it was decided to conclude an agreement with UAB PricewaterhouseCoopers to carry out the audit of the annual financial statements of the INVL Baltic Farmland, AB for 2023 year.

In 2023 the accrued costs of audit services are disclosed in point 8 of the explanatory note to the consolidated annual financial statements for 2023.

<b>Audit company</b>	PricewaterhouseCoopers, UAB
<b>Address of the registered office</b>	J. Jasinskio str. 16B, LT-03163, Vilnius
<b>Enterprise code</b>	111473315
<b>Telephone</b>	(+370 5) 239 2300
<b>E-mail</b>	vilnius@lt.pwc.com
<b>Website</b>	www.pwc.com/lt

No internal audit is performed in the Company.

### 30. Data on the publicly disclosed information

The information publicly disclosed of INVL Baltic Farmland, AB during 2023 is presented on the Company's website (Company's web site section „Investor Relations“ → „Regulated information“.

The link: <https://invlbalticfarmland.com/en/news/>.

Table 30.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
28.02.2023	Audited results of INVL Baltic Farmland group of 2022
07.03.2023	INVL Baltic Farmland announces operating forecasts and planned dividends
07.03.2023	Regarding proposal of the Board of INVL Baltic Farmland to allocate dividends for the year 2022
07.03.2023	Convocation of the General Ordinary Shareholders Meeting of INVL Baltic Farmland and draft resolutions on agenda issue
07.03.2023	INVL Baltic Farmland plans to earn EUR 365 thousand net profit in 2023
29.03.2023	INVL Baltic Farmland will pay dividends to shareholders
29.03.2023	Regarding approval of dividend allocation of INVL Baltic Farmland for the year 2022
29.03.202	Resolutions of the General Shareholders Meeting of INVL Baltic Farmland
18.04.2023	The new wording of the Articles of Association of INVL Baltic Farmland has been registered
26.04.2023	Procedure for the payout of dividends for the year 2022
10.05.2023	AB INVL Baltic Farmland AB INVL Baltic Farmland unaudited Interim information for 3 months of 2023
25.07.2023	Unaudited results of INVL Baltic Farmland for 6 months of 2023
08.11.2023	AB INVL Baltic Farmland unaudited Interim information for 9 months of 2023
14.12.2023	INVL Baltic Farmland investor's calendar for 2024

Director

Eglė Surplienė

(The document is signed with a qualified electronic signature)

## APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
Ekotra, UAB	Code 303112623 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Puskaitis, UAB	Code 303112769 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Zemynele, UAB	Code 303112559 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Kvietukas, UAB	Code 303112678 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Lauknesys, UAB	Code 303112655 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Vasarojus, UAB	Code 303004626 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Laukaitis, UAB	Code 303112694 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Ziemkentys, UAB	Code 303112648 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Zemgale, UAB	Code 303112744 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Avizele, UAB	Code 303113077 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Berzyte, UAB	Code 303112915 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Duonis, UAB	Code 303112790 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Pusaitis, UAB	Code 3031131032 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>

Zalve, UAB	Code 303113045 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Seja, UAB	Code 303113013 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Dirvolika, UAB	Code 303112954 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Linaziede, UAB	Code 303112922 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>
Cooperor, UAB	Code 303252162 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 27.02.2014	Carries no activity	Telephone +370 5 279 0601 E-mail <a href="mailto:farmland@invaldainvl.com">farmland@invaldainvl.com</a>

## APPENDIX 2. CORPORATE GOVERNANCE CODE

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

Although the form for filling in the Corporate Governance Code of Nasdaq Vilnius listed companies is based on the "comply or explain" principle, the Company provides an explanation in the "Comment" section in all cases, even if it fully complies with the principle.

### 1. Summary of the Corporate Governance Report:

#### *Short history:*

The public joint-stock company INVL Baltic Farmland was established on 29 April 2014 on the basis of a part of assets split-off from one of the leading asset management groups in the Baltic region Invalda INVL. INVL Baltic Farmland manages shares of 18 companies investing into agricultural land that are owning about 3 thousand hectares of agricultural land in Lithuania. More than 96% of land is rented to farmers and agricultural companies.

Shares of INVL Baltic Farmland are listed on Nasdaq Vilnius stock exchange since 4 June 2014.

#### *About Company's activities:*

The administration of the INVL Baltic Farmland group owned land, according to the basic property administration agreement signed on 30 June 2015, is transmitted to the owned company INVL Farmland Management (for further information please see paragraph 3.3. "Information about the Issuer's group of companies" of this annual consolidated report). On 28 December 2020 the Basic Property Administration Agreement's Amendment No. 20150630/01 was concluded, based on which the term of the Basic Property Administration Agreement was extended until 31 December 2025.

As the Company has signed the property administration agreement it employs a minimum number of people. As of 31 December 2023 the Company and group had 2 employees, while Invalda INVL, AB provides accounting services and preparation of the documents related with bookkeeping for INVL Baltic Farmland, AB.

#### *About operating environment:*

It is prohibited for one person to have more than 500 hectares of land in Lithuania since 2014. That's why INVL Baltic Farmland development is limited and the generated funds are directed to the payment of dividends to shareholders.

#### *Corporate governance structure:*

- The Company's managing bodies consists of the Board, elected for the 4 years term of office, and the manager, elected by the Board (for further information please about the Issuer's governing bodies and the composition of the committees in Chapter III "Issuer's bodies" of this consolidated annual report). The Board's and the manager's activities are concentrated on the fulfilment of the Company's strategic objectives taking count of the shareholders' equity value increase.
- The Supervisory Board is not formed. Nevertheless, the Board and the Director acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results.
- The Company's Board performs supervisory functions, as described in section 11.2.1. of this annual report.
- The Chairman of the Board is not and has not been the manager of the Company. His current or past office constitutes has no obstacles to conduct independent and impartial supervision.
- Members of the Board are elected by the General Shareholders' Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders. The Board of the Company conducts an annual self-assessment of its activities.
- An independent member of the Board T. Bubinas was elected by the decision of the General Shareholders' Meeting, held on 27 April, 2022.
- The Company has an Audit Committee consisting of 2 independent members. Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.

#### *Accountability to the Company's shareholders:*

- The Company discloses and updates all information required for evaluation by the governing bodies of the Company: Information about the manager, composition of the Board, managers and Board members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.
- The Company discloses information via Nasdaq news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English. The Company publishes its information prior to or after the trade sessions on the Nasdaq Vilnius. The Company does not disclose information that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via Nasdaq news distribution service.
- Shareholders of the Company have equal opportunities to get familiarized and participate in adopting decisions important to the Company. The procedures of convening and conducting of the General Shareholders' Meeting comply with the provisions of legal

acts and provide the shareholders with equal opportunities to participate in the meetings get familiarized with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.

**2. Structured table for disclosure:**

Principles/ Recommendations	Yes/No/ Not Applicable	Commentary
<p><b>Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights</b> The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.</p>		
<p>1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.</p>	<p>YES</p>	<p>The Company discloses all regulated information (including notices on convening shareholders' meetings) through the news distribution platform of AB Nasdaq Vilnius. This ensures that this information is available to the widest possible audience in the Republic of Lithuania and other EU countries. Information is provided simultaneously in both Lithuanian and English. The Company publishes information before or after the trading session of Nasdaq Vilnius AB. The Company timely updates the information on its website and complies with the requirements of Part 5 of the Information Disclosure Guidelines "On the Publication of Regulated and Other Information on the Issuer's Website" approved by the decision of the Supervisory Authority of the Bank of Lithuania. All shareholders have equal rights to participate in the general meetings of shareholders of the Company.</p>
<p>1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.</p>	<p>YES</p>	<p>Shares constituting the authorized capital of the Company grant equal rights to all shareholders of the Company.</p>
<p>1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.</p>	<p>YES</p>	<p>The Company informs about the rights granted by the newly issued shares.</p>
<p>1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.</p>	<p>YES</p>	<p>All shareholders of the Company have equal opportunities to get acquainted and participate in making decisions that are important for the Company. The approval of the General Meeting of Shareholders is obtained in the cases specified in Section V of the Law on Companies falling within the competence of the General Meeting of Shareholders.</p>

<p>1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.</p>	<p>YES</p>	<p>Shareholders are informed about convening of the General Meetings of Shareholders in accordance with the requirements of legislation and the Company's articles of association – adhering to the notification deadlines and methods and means of announcement. The opportunity to participate in the Meeting is supplemented by the option of voting by ballot or authorizing another person to represent the shareholder. The General Meeting of Shareholders is always held at the Company's headquarters. In the notice of the General Meeting of Shareholders being convened, the Company does not restrict the right of shareholders to submit new draft decisions either before or during the meeting, and this is clearly stated in the notice of the General Meeting of Shareholders being convened in both Lithuanian and English.</p>
<p>1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>YES</p>	<p>All documents and information relevant to the Company's general meetings of shareholders, including the notice of the convened meeting, draft resolutions, draft resolutions of the meeting are public and simultaneously published in Lithuanian and English through the Nasdaq Vilnius regulated notice distribution system and additionally published on the Company's website in the Regulated Information sections. and Shareholders' Meetings.</p>
<p>1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>YES</p>	<p>Shareholders of the Company may exercise their right to vote in the General Meeting in person or through a representative upon issuance of proper proxy or having concluded an agreement on the transfer of their voting rights in the manner compliant with the legal regulations, also the shareholder may vote by completing the General Voting Ballot in the manner provided by the Law on Companies.</p>
<p>1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted</p>	<p>YES</p>	<p>The Company must provide shareholders with the opportunity to participate in the general meeting of shareholders and vote by electronic means of communication, as well as</p>

information must be ensured and it must be possible to identify the participating and voting person.

submit voting instructions when demanded by shareholders whose shares represent no less than 1/10 of all votes.

1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.

YES

According to the Board's rules of procedure, at least 10 days before the General Shareholders' Meeting, where it is planned to elect Board members (member), the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names, surnames, their membership in supervisory and management bodies of other companies, shareholding of other companies exceeding 1/20, and all other circumstances that can affect the independence of the candidate as well as the data on their education, qualifications, professional experience, other important information.

1.10. Members of the company's collegial management body, heads of the administration<sup>5</sup> or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.

YES

The Board members inform the Chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports.

## Principle 2: Supervisory board

### 2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.

2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.

2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.

2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent<sup>6</sup> members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.

NOT APPLICABLE

Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. It performs all essential management and supervisory functions, ensures accountability and control of the Director of the Company.

2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.

2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.

### 2.2. Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.

NOT APPLICABLE

Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. It performs all essential management and supervisory

<sup>5</sup> For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

<sup>6</sup> For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.

functions, ensures accountability and control of the Director of the Company.

2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.

2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.

2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.

2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.

2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.

**Principle 3: Management Board**

**3.1. Functions and liability of the management board**

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.

NO

The Company does not prepare or approve separate strategies of the Company. The Company's objectives are disclosed in the Company's annual reports, notices on material events, which are published on the Company's website, in Nasdaq Vilnius regulated notice distribution system, in the Central Regulated Information Database.

3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.

YES

The Board's functions are discussed in the Consolidated Annual Report 11.2. section.

3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a

YES

The Management Board ensures that the Company complies with

group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.

laws and internal policies of the Company and, it also ensures the accountability of the management in accordance with the established internal measures of governance and control.

3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance<sup>7</sup> on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.

YES

The Management Board ensures compliance with applicable laws, regulations, and standards.

3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.

YES

When appointing the manager of the Company, the management board takes into account the candidate's qualifications, experience, and competence.

### 3.2. Formation of the management board

3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.

YES

The Company follows the recommendations of this paragraph. The members of the management board have the necessary variety of knowledge, opinions, and experience to perform their tasks properly.

3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.

YES

The curriculum vitae of the candidates to become members of the management board and information on the candidates' participation in the activities of other companies is submitted at the shareholder meeting together with draft resolutions without violating the requirements of the legal acts regulating the handling of personal data.

3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.

YES

After the election, all members of the management board shall be familiarized with their rights and obligations under the legal acts of the Republic of Lithuania and the Articles of Association of the Company. Members of the management board are regularly informed at the Board meetings and individually, as required or per own request of the members, about the Company's activities and its changes, material changes in the legal acts regulating the Company's activities, and other circumstances affecting the Company's activities.

3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.

YES

According to the Articles of Association of the Company, the members of the management board are elected for a term of four years, without limiting the number of their terms. The Articles of Association of the

<sup>7</sup> Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: <https://www.oecd.org/daf/anti-bribery/44884389.pdf>

		Company provide for the possibility of re-election of the entire management board or its individual member
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	YES	The Chair of the Management Board is a person who has never been the manager of the Company. The Chair of the Company's Management Board is not an employee of the Company and is a Company's shareholder. It is the Company's belief that these facts are sufficient to state that the Chair of the Management Board is capable of acting impartially and taking decisions which represent and protect the rights of shareholders.
3.2.6. Each member the management board should give sufficient time and attention to perform the duties of a member of the Board. If a member of the management Board participated in less than half of the board meetings during the financial year of the Company, the Company's Supervisory Board should be informed if the Supervisory Board is not formed in the Company - the General Shareholder Meeting.	YES	In 2023, the Management Board members attended the Management Board meetings (a quorum was present during all meetings), with each member devoting sufficient time to perform the duties of the Management Board member.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent <sup>8</sup> , it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	YES	By the decision of the General meeting of the shareholders, held on 27 April 2022, Tomas Bubinas started to serve as an independent member of the Management Board. The fact that he is an independent member is indicated in the Company's interim and annual reports.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	No remuneration is paid to the members of the Board, except the independent member of the Management Board Tomas Bubinas, whose remuneration is approved by the decision of the General meeting of the shareholders, held on 27 April 2022. As some of the members of the Board are also shareholders of the Company, more detailed information on dividends paid to the members of the Board as well as other amounts of cash and guarantees provided is disclosed in paragraph 14 of the Annual Report.
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	According to the information available to the Company, the members of the Management Board act in good faith with respect to the Company, following the interests of the Company and not their own or those of third parties, adhering to the principles of honesty, reasonableness, confidentiality, and responsibility, trying to remain independent during the decision-making.

<sup>8</sup> For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.

YES

The Board once a year conducts self-assessment of its activities.

**Principle 4: Rules of procedure of the supervisory board and the management board of the company**

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.

YES/NO

The Supervisory Board is not formed. Nevertheless, the Board and the Director acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results.

4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterrupted resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.

YES

The Board meetings are held at least once per quarter.

4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.

YES

The Board members are informed in advance about the meeting. Along with the notice of the meeting, all materials relevant to the issues on the agenda of the meeting are provided to the Board members.

4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.

NO

The Company may not implement this recommendation since only the Board is formed.

**Principle 5: Nomination, remuneration and audit committees**

**5.1. Purpose and formation of committees**

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest. Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees<sup>9</sup>.

5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.

5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.

5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.

YES/NO

Due to the Company's management type, transfer of the management of the Company and an absence of employees, the Nomination and Remuneration Committees are not formed. Audit Committee members are elected by the General Shareholders Meeting.

5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.

5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.

**5.2. Nomination committee**

5.2.1. The key functions of the nomination committee should be the following:

- 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected;
- 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought;
- 3) devote the attention necessary to ensure succession planning.

NOT APPLICABLE

Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.

<sup>9</sup> The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.

### 5.3. Remuneration committee

The main functions of the remuneration committee should be as follows:

- 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so;
- 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned;
- 3) review, on a regular basis, the remuneration policy and its implementation.

NOT APPLICABLE

Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.

### 5.4. Audit committee

5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.

YES

In its activities, the Audit Committee of the Company follows the legal acts regulating the activities of the Audit Committee, as well as the regulations of the Audit Committee approved by the General Meeting of Shareholders of the Company.

5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.

YES

The members of the Audit Committee shall be provided with all the detailed information necessary for the performance of its functions.

5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.

YES

After the members of the Audit Committee decide who must attend the meeting of the Committee, these persons shall be invited, ensuring that the members of the managerial bodies would not be present at the same meeting.

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

NOT APPLICABLE  
/ YES

Due to the size of the Company, the Company does not have an internal audit function. The audit committee is informed about the work program of the external auditors and their independence, as well as relations with the Company and its group.

5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure

NOT APPLICABLE

Due to the size of the Company, the audit committee does not examine paragraph 5.4.5.

that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.

5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.

YES/NO

The activity report is submitted once a year, together with the annual ordinary shareholders meeting.

**Principle 6: Prevention and disclosure of conflicts of interest**

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.

YES

Management board members avoid situations where their personal interests may be in conflict with the Company's interests.

**Principle 7: Remuneration policy of the company**

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.

YES

The remuneration policy is published on the Company's website.

7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.

YES/NO

The Manager of the Company receives only a fixed-rate remuneration.

7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.

YES

The members of the Board of the Company may be paid up with annual bonuses, which shall be granted by the decision of the General Meeting of Shareholders of the Company in accordance with the procedure established by legal acts and appointment thereof shall be disclosed in the consolidated annual report of the Company.  
Tomas Bubinas is an independent member of the Management Board and his fixed amount of remuneration is approved by the decision of the General meeting of the shareholders, held on 27 April 2022.

7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.

NOT APPLICABLE

The Company's Remuneration Policy does not determine severance pay policy. The company follows the requirements of the relevant legal acts regarding severance pay.

7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be

NOT APPLICABLE

The Company has no system of employee incentivisation or remuneration with Company shares.

vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.

7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.

YES

The remuneration policy is published on the Company's website.

7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.

YES

The Company's remuneration policy and its amendments are approved by the Company's General Meeting of Shareholders.

#### Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.

YES

The Company respects the rights of stakeholders and their legitimate interests.

8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.

YES

All stakeholders are provided with the possibility to participate in corporate governance in the manner prescribed by law.

8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.

YES

The stakeholders involved in the corporate governance process shall be granted access to the necessary information, without prejudice to the interests of the Company and other related parties.

8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.

NO

The Company does not provide possibility of reporting confidentially any illegal or unethical practices

#### Principle 9: Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:

YES

9.1.1. operating and financial results of the company;

YES

Company publishes interim and annual reports.

9.1.2. objectives and non-financial information of the company;

YES

Company publishes interim and annual reports.

9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Published on the Company's website.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	Information is provided on the Company's website and in its interim and annual reports.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	NO	The Company does not provide information related to this item.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	YES	The Company publishes on its website the general risk factors of the business area in which the group operates; group specific risk factors; risk factors related to the Company's shares.
9.1.7. the company's transactions with related parties;	YES	Information is provided in interim and annual reports.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	Information is provided in interim and annual reports.
9.1.9. structure and strategy of corporate governance;	YES	The information is provided Company's website and in interim and annual reports.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	NOT APPLICABLE	Due to the size of the Company, minimum information related to the environment, employees, research and development is published.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	The Company prepares a consolidated report and consolidated financial statements
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	The Company discloses in its consolidated annual report information on the total amount of annual remuneration and other income paid to the Company's key management and members of the managerial bodies, as well as education, qualifications and participation in the activities and capital of other companies.
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	The Company publishes all information through the information disclosure system of the Nasdaq Vilnius Stock Exchange and on the Company's website so that it is accessible to everyone and at the same time.
<p><b>Principle 10: Selection of the company's audit firm</b> The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.</p>		

<p>10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.</p>	<p>YES</p>	<p>The Company is audited by an independent audit company UAB PricewaterhouseCoopers</p>
<p>10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.</p>	<p>YES</p>	<p>The management board of the Company submits the candidacy of the audit company to the meeting of shareholders. The Audit company shall be approved by the general meeting of shareholders of the Company.</p>
<p>10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.</p>	<p>YES</p>	<p>In 2023 the audit firm did not provided non audit services.</p>

## APPENDIX 3. COMPANY'S MANAGEMENT REPORT

(Prepared in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings (IX-575) in force from 22 June 2023)

### **1. Reference to the applicable corporate governance code and the place of its publication, and (or) reference to the all necessary published information regarding management practices of the entity**

The Company discloses the information regarding the compliance with the applicable Corporate Governance Code in Appendix 2 of the consolidated report of 2023. The Company publishes its annual reports in the website of the Company (Company's web site section „Investor Relations“ → „Reports“. The link: <https://invlbalticfarmland.com/en/investor-relations/financial-information-and-reports/>).

### **2. In case of derogation from the provisions of the applicable corporate governance code and (or) when the provisions are not complied with, such provisions and the reasons thereof shall be indicated**

The Company discloses such information in 2 table sections "Yes/No/Irrelevant" and "Commentary" of Appendix 2 of the consolidated report of 2023 "Corporate Governance Code". The Company will provide an explanation in the "Commentary" section in all cases follow the recommendations.

### **3. Information regarding the level of risk and risk management – management of risks related to the financial reporting, risk mitigation measures, and internal control systems implemented at the entity shall be described**

The Company provides information regarding the level of risk, risk management, and implemented internal control systems, as well as the measures, in Clause 16.3. of the consolidated report of 2023.

### **4. Information regarding significant directly or indirectly managed holdings**

The Company provides information regarding the significant directly or indirectly managed holdings in Note 5 of the explanatory note of the financial statements of 2023.

### **5. Information regarding transactions with related parties, according to the Law on Companies article 37<sup>2</sup> (by specifying the counterparty (legal form, name, code, register of the legal entity in which the person is stored, premises (address)); name, surname, address of the natural person and the value of the transaction);**

According to Article 10, part 3 of the Law on Companies, the provisions of Article 37 are not applicable to the transactions concluded with a subsidiary company, if the owner of all shares is this joint-stock company. Since all transactions in the Company are loans with subsidiaries, the details of such transactions are not disclosed.

### **6. Information regarding the shareholders who have special rights of control and the description of such rights**

There are no shareholders having special rights of control in the Company.

### **7. Information regarding all current restrictions on voting rights (such as the restrictions on voting rights of persons having a certain percentage or number of the votes, the deadlines by which voting rights may be exercised or systems, according to which the property rights granted by the securities are to be separated from the holder of those securities)**

No restrictions on voting rights are applied in the Company.

### **8. Information regarding the rules governing the appointment and dismissal of board members, as well as the amendment of the Company's articles of association**

The Board members of the Company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Company, Rules of Procedure of the Board, as well as other applicable legislation. The Board members of the Company always act for the benefit of the Company and its shareholders.

The procedure for changing the Articles of Association of INVL Baltic Farmland is no different from stated in the Law on Companies of the Republic of Lithuania.

### **9. Information regarding the powers of the board members**

The Board members of the Company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Company, Rules of Procedure of the Board, as well as other applicable legislation, and have no special powers. The Board members of the Company always act for the benefit of the Company and its shareholders.

### **10. Information regarding the competence of the general meeting of shareholders, the rights of shareholders and implementation thereof, if such information is not established in the applicable legislation**

The Company provides information regarding the competence of the general meeting of shareholders, the rights of shareholders, and implementation thereof, as well as the procedure for convening the meetings of shareholders, in Clause 11.1.2. of the consolidated annual report of 2023.

### **11. Information regarding the composition of the management, supervisory bodies, and the committees thereof, as well as the fields of activity of the aforesaid bodies and the manager of the Company**

The Company provides information on the Board members of the Company, the director, Audit Committee Members of the Company in Clauses 11.2, 11.3., 12 and 13 of the consolidated annual report of 2023, defining the boundaries of the management's activities, also mentions other important information related to the positions held.

**12. Description of diversity policy applicable in appointing the manager of the Company, management, and supervisory bodies, related to the aspects such as age, gender, education, professional experience; objectives of such policy, methods of implementation thereof, and results of the reference period. If the diversity policy is not applied, the reasons thereof shall be indicated**

Election of the members of the Board the Company as well as the manager of the Company is not subject to diversity policy. Taking into account the current organizational structure of the Company and the fact that the administration of the INVL Baltic Farmland group owned land, according to the basic property administration agreement signed on 30 June 2015, is transmitted to the owned company INVL Farmland Management, INVL Baltic Farmland, employs a minimum number of people. On 28 December 2020 December 28 the Basic Property Administration Agreement's Amendment No. 20150630/01 was concluded, based on which the term of the Basic Property Administration Agreement was extended until 31 December 2025.

**13. Information on all agreements between shareholders (their terms and conditions)**

The Company's shareholders do not have mutual agreements.

## APPENDIX 4. COMPANY'S OPERATING AND FINANCIAL INDICATOR FORMULAS AND DEFINITIONS

In accordance with the guidelines on Alternative Performance Indicators which were published by the European Securities and Markets Authority in 2015 and came into force on 3 July 2016, the Company provides definitions and formulas (below) of the Company's operating and financial indicators.

The Company's performance and financial indicators are used to evaluate the Company's financial position or status. For these indicators, the Company's investor can obtain additional information to help understand the Company's financial position and strategy.

All the information stated in Appendix 4 is provided on the website of the Company (Company's web site section „For Investors“ → „Reports“ → „Indicator formulas“. The link: <https://invlbalticfarmland.com/en/investor-relations/financial-information-and-reports/>)

- **Dividend yield** – the set value of dividends paid per share for the last financial year divided by the price per share at the end of a financial period.

$$\text{Dividend yield} = \frac{\text{The set value of dividends paid per share for the last financial year}}{\text{The price per share at the end of a financial period}}$$

This is a particularly an important valuation measure for investors seeking regular income. The higher the yield, the higher the payout for the shareholder compared to the price of the share.

- **Book value per share** – the Group's equity divided by the number of shares, excluding the Group's own shares, at the end of a financial period.

$$\text{Book value per share} = \frac{\text{The Group's equity}}{\text{The number of shares, excluding the Group's own shares, at the end of a financial period}}$$

The book value per common share indicates the euro value remaining for common shareholders after all assets are liquidated and all debtors are paid.

- **Price to Book ratio** – the ratio of the share price at the end of a financial period to the book value per share.

$$\text{Price to Book ratio} = \frac{\text{The share price at the end of a financial period}}{\text{The book value per share}}$$

Price-to-book ratio compares a firm's market to book value by dividing price per share by book value per share. This shows how the valuation is covered by equity.

- **Dividends/Net profit** – Ratio between the dividends allocated at the ongoing year for the year before and ongoing year net profit of the Company.

$$\text{Dividends/Net profit} = \frac{\text{Ratio between the dividends allocated at the ongoing year for the year before}}{\text{Ongoing year net profit of the Company}}$$

The dividend payout ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net income of the Company. It is the percentage of earnings paid to shareholders in dividends.

- **Return on Equity (ROE)** – the ratio of net income to average equity for a financial period, measured in percentage terms.

$$\text{Return on Equity (ROE) (measured in percentage terms)} = \frac{\text{Net income}}{\text{Average equity for a financial period}}$$

Return on equity excludes debt in the denominator and compares net profit for the period with total average shareholders' equity. It measures the rate of return on shareholders' investment and is, therefore, useful in comparing the profitability of the Group with its competitors.

- **Average equity** is an arithmetical average of the beginning equity and ending equity for the financial period.

$$\text{Average equity} = (\text{The beginning equity for the financial period} + \text{The ending equity for the financial period}) / 2$$

- **Return on Assets (ROA)** – the ratio of net income to average total assets for a financial period, measured in percentage terms.

$$\text{Return on Assets (ROA) (measured in percentage terms)} = \frac{\text{Net income}}{\text{Average total assets for a financial period}}$$

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings.

- **Average total assets** is an arithmetical average of the beginning total assets and ending total assets for the financial period.

$$\text{Average total assets} = (\text{The beginning total assets for the financial period} + \text{The ending total assets for the financial period}) / 2$$

- **Liquidity ratio** – the ratio of current assets to current liabilities.

$$\text{Liquidity ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Liquidity ratio is a financial metric used to determine a debtor's ability to pay off current debt obligations without raising external capital.

- **Operating profit margin** – the ratio of operating profit to sales, measured in percentage terms.

$$\text{Operating profit margin (measured in percentage terms)} = \frac{\text{Operating profit}}{\text{Sales}}$$

Operating margin measures how much profit a company makes on a euro of sales, after paying for variable costs of production such as wages and raw materials, but before paying interest or tax. It is calculated by dividing a company's operating profit by its net sales.

- **Pretax profit margin** – the ratio of pretax profit to sales, measured in percentage terms.

$$\text{Pretax profit margin (measured in percentage terms)} = \frac{\text{Pretax profit}}{\text{Sales}}$$

The pretax profit margin is the ratio of a company's pre-tax earnings to its total sales. The higher the pretax profit margin, the more profitable the company.

- **Operating profit excluding revaluation of investment property margin** – the ratio of operating profit excluding net gain from fair value adjustments on investment property to sales, measured in percentage terms.

$$\text{Operating profit excluding revaluation of investment property margin (measured in percentage terms)} = (\text{Operating profit} - \text{The net gain from fair value adjustments on investment property}) / \text{Sales}$$

Operating profit excluding revaluation of investment property margin measures how much profit a company makes on a euro of sales, after paying for variable costs of production such as wages and raw materials, but before paying interest or tax and excluding effects of investment property revaluation. It is calculated by dividing a company's operating profit by its net sales.

- **Price earnings ratio (P/E)** – the share price at the end of a financial period divided by earnings per share (EPS).

$$\text{Price earnings ratio (P/E)} = \frac{\text{The share price at the end of a financial period}}{\text{Earnings per share (EPS)}}$$

To determine the P/E value, one simply must divide the current stock price by the earnings per share (EPS). It is used to compare a company against its own historical record or to compare aggregate markets against one another or over time.

- **Net profitability** – net profit divided by sales, expressed in percentage terms.

$$\text{Net profitability (expressed in percentage terms)} = \frac{\text{Net profit}}{\text{Sales}}$$

The net profitability is equal to how much net income or profit is generated as a percentage of revenue. It illustrates how much of each euro in revenue collected by a company translates into profit.

- **EBITDA (earnings before interest tax depreciation and amortization) profitability** – operating profit excluding net profit from a revaluation of investment assets with depreciation and amortization added back divided by sales, expressed in percentage terms.

$$\text{EBITDA (earnings before interest tax depreciation and amortization) profitability (expressed in percentage terms)} = \frac{(\text{Operating profit} - \text{Net profit from a revaluation of investment assets} + \text{Depreciation and amortization})}{\text{Sales}}$$

Earnings before interest tax depreciation and amortization as a percentage of revenue. EBITDA margin can provide an investor, business owner or financial professional with a clear view of a company's operating profitability and cash flow.

- **Capitalization** – the market value of a company's equity.

$$\text{Capitalization (EUR)} = (\text{Amount of shares (units)} - \text{Amount of Company's owned shares (units)}) * \text{Share Price (EUR)}$$

Capitalization defines the market value of a company which depends on the price and volume of the company's stock at a given time. Capitalization shows the net worth of a company at a given time by market participants.

## APPENDIX 5. REMUNERATION REPORT

The Remuneration Report 2023 (hereinafter referred to as the **Report**) of the public limited liability company INVL Baltic Farmland (hereinafter referred to as the **Company** or **AB INVL Baltic Farmland**) was prepared in compliance with the provisions of the Remuneration Policy approved by the decision of the Company's General Meeting of Shareholders dated 29 March 2023.

The Remuneration Policy of the Company is applicable to the Managers of the Company (the Chief Executive Officer and the members of the Board of the Company).

### **Brief overview of the Company's activities in 2023**

AB INVL Baltic Farmland holds the shares of the private limited liability companies that invest in agricultural land. AB INVL Baltic Farmland holds a 100 % stake in 18 private limited liability companies which own approximately 3,000 ha of agricultural land in Lithuania. More than 96 % of the land holdings is leased to farmers and agricultural businesses.

On 30 June 2015, the companies, the land owners, and AB INVL Baltic Farmland signed a property administration agreement with INVL Farmland Management which administers the land plots owned by the companies in order to ensure the growth of income for the shareholders and to raise the value of the land holdings. On 28 December 2020, an amendment to the agreement was signed and the validity period of the property administration agreement was extended until 31 December 2025.

In 2023, AB INVL Baltic Farmland received income totalling EUR 794 thousand, whereas its audited net profit amounted to EUR 2,643 thousand (in 2022, the consolidated net profit of the Company amounted to EUR 1,968 thousand and the Group's income totalled EUR 722 thousand). In the long-term, the Company seeks to earn a profit from the growth in land lease revenue and an increase in the land value. Based on the data of the property valuation carried out in the last quarter of 2023, the value of the land plots grew by 14.7 % during the year, up to EUR 20.76 million. The average value per hectare is EUR 6.74 thousand.

### **Corporate governance**

AB INVL Baltic Farmland has a single-person management body – the Chief Executive Officer (Director) of the Company and a collegial management body – the Board. No Supervisory Council is formed at the Company.

### **Report on the remuneration of the Chief Executive Officer of the Company in 2023**

The Chief Executive Officer (CEO) of the Company was paid a fixed monthly salary of EUR 170.15 under the employment contract. The norm of working time is 1 hour per day. The salary of the CEO of the Company was determined by the decision of the Board of 1 July 2015 and it has not been changed.

Accordingly, in 2023, the CEO of the Company was paid a fixed salary of EUR 1,988. The fixed salary of the CEO of the Company accounted for 100 per cent of the remuneration since the appointment in 2015.

No other agreements on additional pension or retirement conditions were concluded with the CEO of the Company, the termination terms of the employment contract were not amended, and the payments related to the termination of the employment contract do not differ from those established in the applicable legislation.

No postponement of the remuneration was applied to the CEO of the Company, and the possibility of recovering the variable portion of the remuneration was not exercised.

The CEO of the Company did not obtain any indirect benefit from the Company, and no stock options were granted by the Company to the CEO.

The CEO of the Company did not receive remuneration from any company in which the Company holds more than 50 % of the shares.

In 2023, the salary to the CEO of the Company was paid without any derogation from the approved Remuneration Policy.

### **Report on the remuneration of the members of the Company's Board in 2023**

The members of the Board of the Company may receive the shares of profit allocated by the decision of the General Meeting of Shareholders under the procedure established by the law and the allocation of which is disclosed in the consolidated annual report of the Company.

Upon the allocation of the Company's profit for 2022 by the decision of the General Meeting of Shareholders dated 29 March 2023, no shares of profit were allocated to the members of the Company's Board. Some of the members of the Company's Board or the companies controlled by them are the shareholders of the Company and together with other shareholders they receive dividends either directly or through the controlled companies.

In the Management Board there is one independent member T. Bubinas, who receives fixed salary for the work in the board, the amount of which is approved by the decision of the General meeting of the shareholders, held on 27 April 2022. An agreement of the independent member of the Management Board is concluded with T. Bubinas. He was paid EUR 200 in 2023.

The members of the Company's Board did not obtain any indirect benefit from the Company and they were not granted any stock options by the Company.

The members of the Company's Board did not receive any remuneration from any company in which the Company holds more than 50 % of its shares.

During 2023 there were no deviations from the Company's Remuneration policy. The remuneration was paid to an independent member of the Management Board, which was determined by the decision no. 7 of the General meeting of shareholders, dated April 27 2022. No benefits (remuneration) were paid to other members of the Company's Board in 2023.

#### Information on the remuneration paid in 2019-2023, the operating results of the Company and their changes

During the period from 1 January 2019 until 31 December 2023, there were no other employees in the Company, except for the Chief Executive Officer of the Company and since 2022 the independent member of the Management Board, who were paid a fixed salary; therefore, the Company is unable to provide information on the average salary of its employees or its changes. The table below contains the remuneration of the Company's management bodies and the Company's annual operating results and their changes over the last five years:

	2019	2020	2021	2022	2023
Amount of CEO remuneration, EUR	2,043	2,044	2,044	2,044	<b>1,988</b>
Change in CEO remuneration, %	-0.15	0.05	0.00	0.00	<b>-2.7</b>
Annual bonuses to members of the board	-	-	-	-	-
Amount of independent member of the Management Board remuneration, EUR	-	-	-	400	<b>200</b>
Net profit of the Company, thousand. EUR	1,136	895	1,411	1,968	<b>2,643</b>
Change in the Company's net profit, %	2.1	-21.2	57.7	39.5	<b>34.3</b>

#### Other important information

The Chief Executive Officer of the Company is paid a stable monthly salary. The Company has no approved policy under which the variable portion of the remuneration would be paid to its managers.

The Remuneration Policy of the Company does not provide for any severance pay policy. The Company complies with the respective requirements of the applicable legislation related to severance pay.

The Company has no system establishing employee incentives or remuneration with the Company's shares.

By implementing the Remuneration Policy in 2023, the Company sought to achieve the following objectives:

- i. To ensure a competitive salary of the managers corresponding with the Company's financial results;
- ii. To increase the Company's transparency and the accountability of its managers and to provide conditions for its shareholders, potential investors and stakeholders to have a detailed and reliable view of the remuneration assigned to each manager;
- iii. To avoid conflicts of interest and to ensure the proper implementation of the principles laid down in the Remuneration Policy.