



# PRESENTATION ON THE FINANCIAL RESULTS FOR 12 MONTHS OF 2020

AUGA group, AB

PRESENTED BY

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CFO



Q42020

# RESULTS

The Group continued to grow successfully, despite the COVID-19 pandemic and economic instability.

## 2020

Strong financial results, improving both revenue and profitability.

EUR million	2020	2019	Variance	2018
Revenue	83.11	71.13	+17%	54.75
Gross profit	15.83	9.85	+61%	3.66
Net profit	0.94	(3.22)	n/a	(5.98)
EBITDA	21.07	17.12	+23%	3.55*

*\*Excluding IFRS16 effect, as IFRS16 implemented as of 1 January 2019.*



Results by segment  
**Crop growing**

# CROP GROWING

In total, cultivated land area by the Group amounted to 39.6 thousand ha and was more than 1 thousand ha larger YoY.

11 out of 17 cultures increased yields.

Costs per ha was stable (+2% in average).

Sales prices decreased for 8 out of 17 cultures.

The early harvesting and lower quality of certain crops prevented the Group from achieving even higher results in the segment.

Improving forage crops results will have positive impact on dairy segment.



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## Improved yields (+14% YoY in average)

Though slightly below our expectations (by 4% for wheat, 10% for legumes).



Yield, t/ha	2020	2019	2018
Wheat	4.11	4.21	2.83
Legumes	2.70	1.67	1.41
Other cash crops	9.72	8.24	5.10
Forage crops	7.39	6.10	4.93

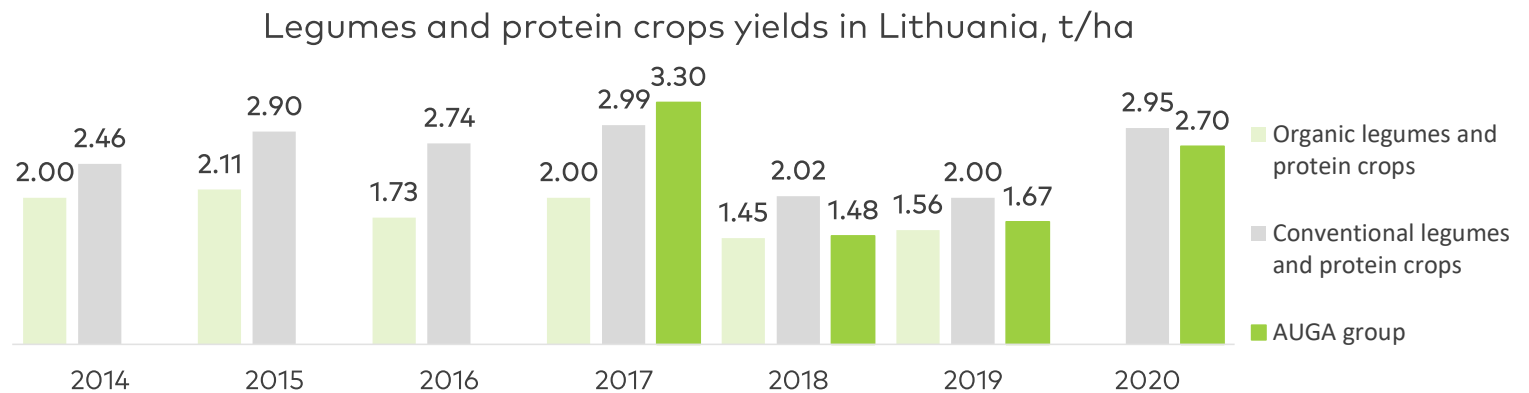
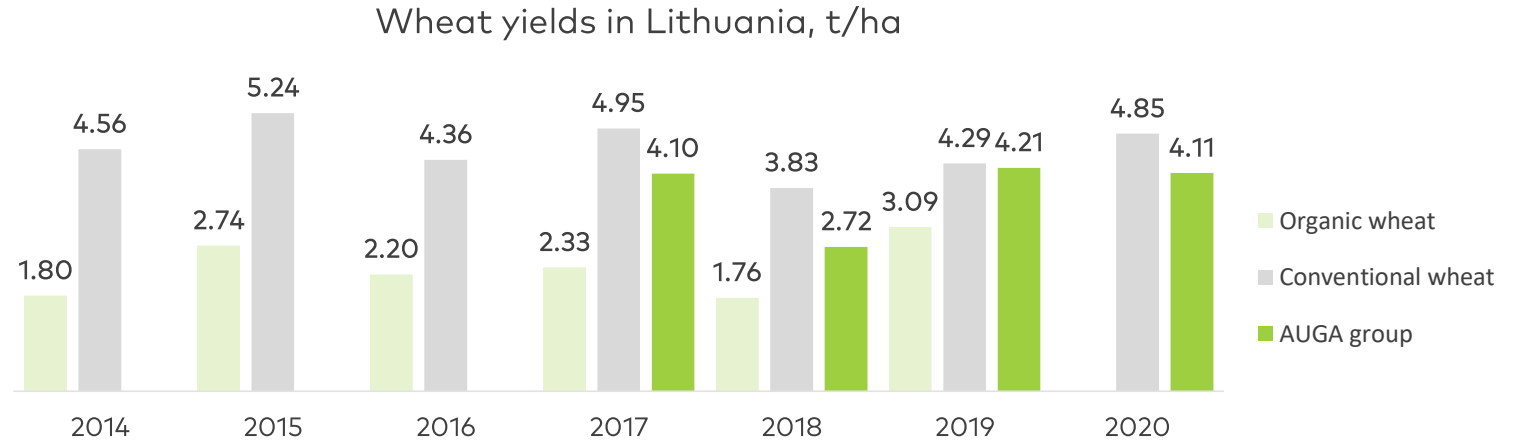
Costs, EUR/ha	2020	2019	2018
Wheat	818	925	881
Legumes	805	792	790
Other cash crops	1,139	1,176	1,038
Forage crops	643	721	767

# CROP GROWING

## Crop yields



AUGA group organic farms aim to achieve the average yields of conventional farms.



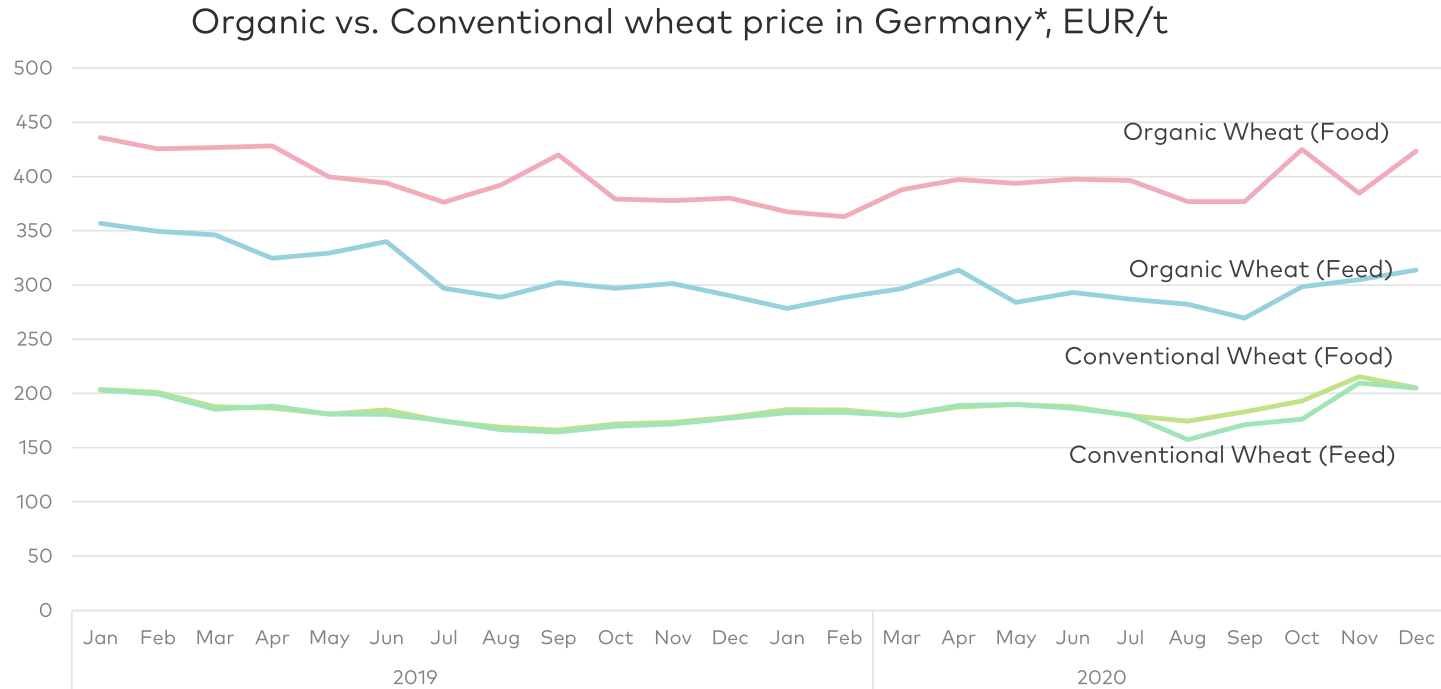
# CROP GROWING

## Wheat price dynamics



The declining trend in organic wheat market prices reversed in Q4 2020.

Average price recovered by 7% in Q4 2020 vs Q1-Q3 2020 average.



\*Germany, the largest EU market, is a benchmark for major organic product prices.



Q4 2020

Source: [www.ami-informiert.de](http://www.ami-informiert.de), <https://www.bmel-statistik.de/>

# CROP GROWING 2020 results



Total fair value gain for 2020 was EUR 7.68 million.

163 t harvest sold in 2020 compared to 117 t in 2019.

96% of 2020 harvest is already contracted or sold as for today.

Full amount of expected subsidies was received in 2020 (the Group was sanctioned and did not receive EUR 2.07 million of expected organic subsidies in 2019).

Improved revenue and gross profit.

	2020	2019	Variance	2018
Total cultivated land, ha	39,673	38,564	+3%	38,564
EUR million	2020	2019	Variance	2018
Total fair value of harvest	41.49	37.58	+10%	27.88
Total production cost	34.38	33.75	+2%	31.33
Gain (loss) on revaluation of biological assets (crops) recognized in reporting period	7.68	5.28	+45%	(3.45)
Sales revenue	37.38	29.50	+27%	17.48
Cost of sales	38.19	30.45	+25%	17.42
Inventory write-offs	1.43	1.54	-7%	1.40
Result of sales of agricultural produce	(2.24)	(2.50)	+10%	(1.34)
Subsidies	7.45	5.20	43%	6.96
Gross profit	12.89	7.98	62%	(1.29)





# CROP GROWING 2020/2021 season

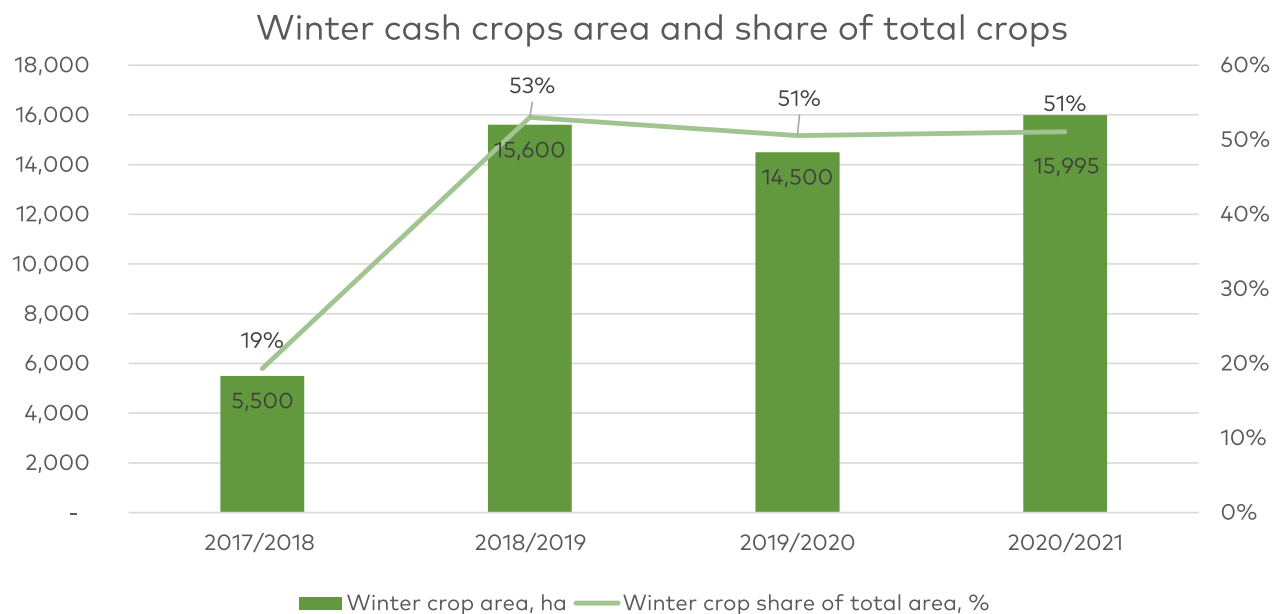


The sowing of crops for the upcoming season proceeded smoothly.

Current condition of crops is good.

Composition of cultures is changing: focus on more profitable ones.

Positive expectations for 2021 results.





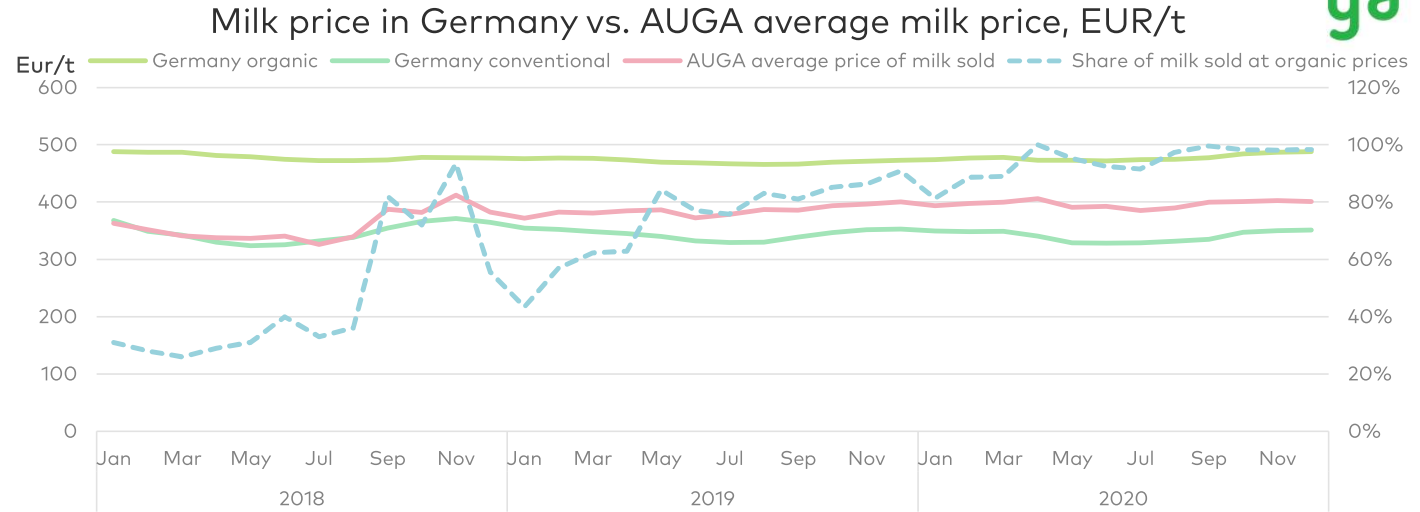
Results by segment  
**Dairy**

# DAIRY

The share of AUGA milk sold at prices of organic milk ranges between 90-100% and allows to maintain stable prices.

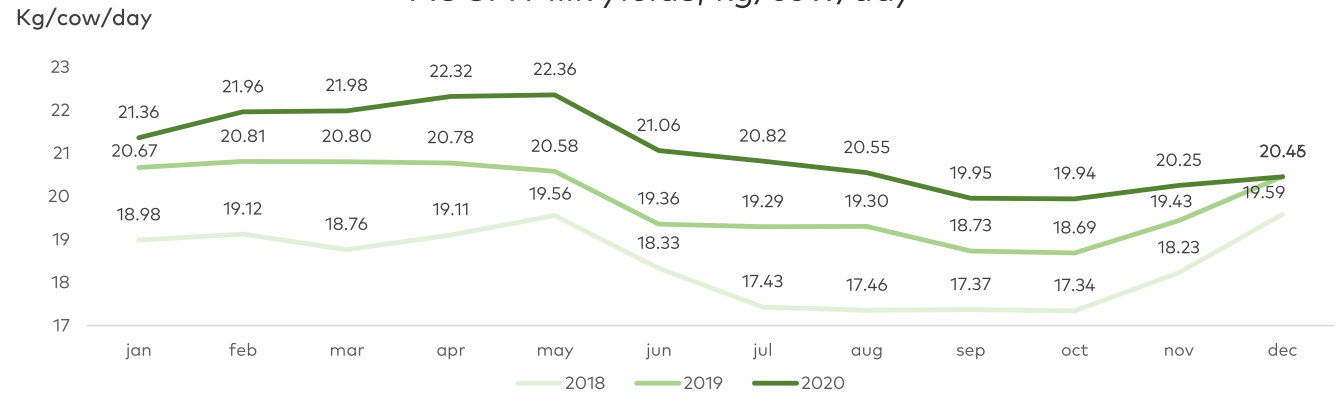
Milk yields are improving year-over-year.

## Milk price and yield dynamics



Source: [www.ami-informiert.de](http://www.ami-informiert.de), <https://www.bmel-statistik.de/>, <https://ec.europa.eu/agriculture/market-observatory/milk>

## AUGA Milk yields, kg/cow/day



# DAIRY

Average milk yield per cow increased by 6% in 2020 vs 2019.

Slower growth in revenues was mostly affected by decreasing number of cows – Group is replacing aged and ineffective herd. As a result, number of cows had decreased by 4% and was 3,469 by the end of Q4.

The Group anticipates to increase the herd (up to 3.6 thousand cows by Q3 2021) in order to reach maximum capacity and efficiency.

Increase of subsidies is mainly related to sanctions applied in 2019.

## 2020 results

The primary focus was to increase the efficiency of the dairy segment, strategy is yielding its first positive impact on results.



	2020	2019	Variance	2018
Total quantity of products sold, t	26,084	25,224	+3%	23,397
Milk	25,384	24,492	+4%	22,634
Cattle	700	732	-4%	763

EUR million	2020	2019	Variance	2018
Revenue	10.81	10.14	+7%	8.96
Milk	10.07	9.42	+7%	8.13
Cattle	0.75	0.72	+4%	0.83
Cost of sales	10.43	10.64	-2%	10.26
Milk	9.69	9.93	-2%	9.43
Cattle	0.75	0.72	+4%	0.83
Revaluation of biological assets	(2.52)	(2.19)	+14%	(1.81)
Subsidies	2.53	2.04	+24%	2.83
Gross profit	0.39	(0.66)	n/a	(0.29)



Results by segment

# Mushroom growing

# MUSHROOM GROWING



## 2020 results

Although production volumes increased, overall results were lower.

The global pandemic had a tangible impact on results:

- The market became volatile
- Drop in sales to catering sector
- Reduced consumption during winter holiday season
- Limited export sales of mushroom seedbed
- Operational costs grew due to increased spending on employee safety

The sales price increase was driven by higher demand for packed mushrooms, but this only partially offset additional costs.

The share of organic mushrooms remained unchanged.

The Group is looking for new export markets for sales diversification and implements efficiency initiatives to reduce costs.



	2020	2019	Variance	2018
Sold mushrooms, t	12,906	12,256	+5%	12,147
Average price (Eur/t)	2,199	2,147	+2%	1,966

EUR million	2020	2019	Variance	2018
Total revenue	30.00	28.71	+5%	26.46
Mushroom sales revenue	28.38	26.32	+8%	23.88
Compost sales revenue	1.62	2.39	-32%	2.58
Cost of sale	28.25	26.22	+8%	24.73
Cost of mushrooms sold	26.89	23.73	+13%	22.33
Cost of compost sold	1.36	2.49	-45%	2.40
Gross profit	1.75	2.49	-29%	1.82



Results by segment  
**End-consumer products  
(FMCG)**

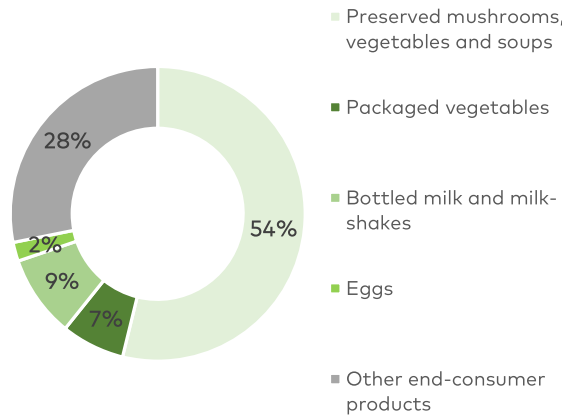
## Growth in all markets

FMCG products are distributed to 31 countries (23 in 2019).

The main group of products remained unchanged: preserved mushrooms, vegetables and soups.

Sales increased in all markets, with the largest impact coming from the U.S., Sweden, Japan and the Baltics.

Revenue structure



Country	Share of total sales %, 2020	Increase in sales %, 2020
USA	36%	+458%
Lithuania	29%	+14%
Sweden	6%	+163%
Japan	6%	+206%
Latvia	5%	+91%
UAE	4%	+12%
Denmark	1%	+99%
Australia	1%	New market
Estonia	1%	+86%
Other	12%	+166%





Growth of sales and larger utilization of production capacities have positive impact on profitability of the segment.

The Group will continue expanding its presence in home market and export business.

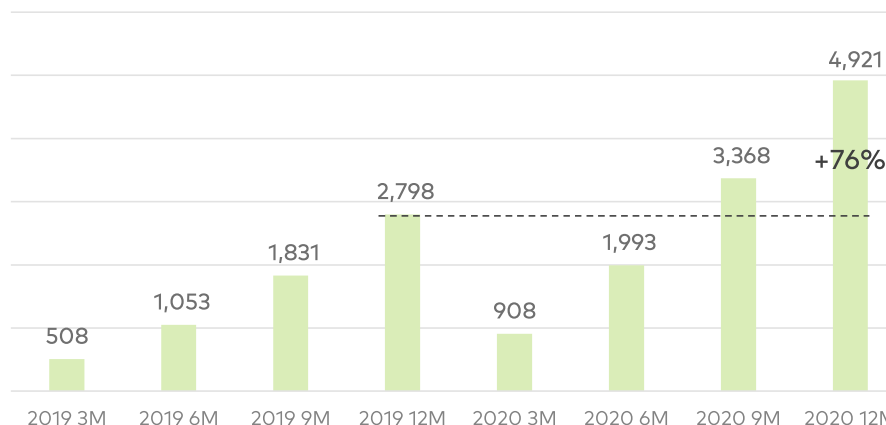
The access to newly opened markets and successful contracts signed in 2020 will continue to have a positive impact on the segment's growth in 2021.

## 2020 results

The segment continued to experience significant growth in 2020, mainly driven by development in its export operations.

EUR million	2020	2019	Variance	2018
Revenue	4.92	2.80	+76%	1.86
Cost of goods sold	4.12	2.75	+50%	1.79
Gross profit	0.80	0.05	+1,636%	0.07

Revenue dynamics, thous. EUR





# Financial information

# FINANCIAL INFORMATION

These steps enables further implementation of company's efficiency agenda, continuity of RnD activities achieving long term strategy goals.

## Important events in 2020



2020-02-19	AUGA group became the first Baltic issuer on the Nasdaq Sustainable Bond Network
2020-04-27	AUGA group, AB introduces its five-year strategy
2020-05-29	Companies controlled by AUGA group, AB acquired the control of Grybai LT, KB
2020-06-20	Enlight Research has published it's first report on AUGA group
2020-11-16	WOOD & Company has published a report on AUGA group
2020-11-26	The companies of AUGA group, AB have signed agreements with financial institutions to refinance loans and provide additional limits

# FINANCIAL INFORMATION

All segments demonstrated growth of sales in the last three years.

## Overview of the results

Positive developments allow to expect trend of growth to continue in 2021.

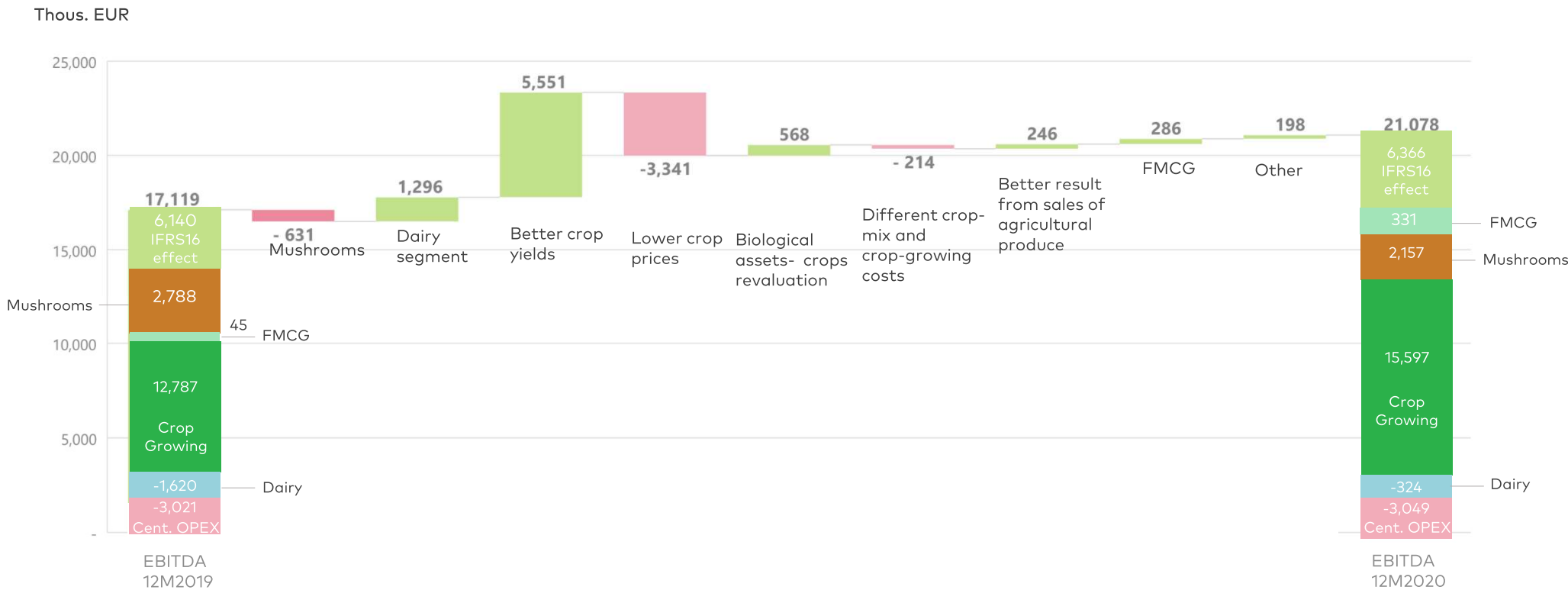


EUR million	2020	2019	Variance	2018
<b>CROP GROWING</b>				
Revenue	37.38	29.49	+27%	17.48
Gross profit	12.88	7.98	+62%	(1.29)
<b>DAIRY</b>				
Revenue	10.81	10.14	+7%	8.96
Gross profit	0.39	(0.66)	n/a	(0.29)
<b>MUSHROOM GROWING</b>				
Revenue	30.00	28.71	+5%	26.46
Gross profit	1.75	2.49	-29%	1.82
<b>END-CONSUMER PRODUCTS (FMCG)</b>				
Revenue	4.92	2.80	+76%	1.86
Gross profit	0.80	0.05	+1,636%	0.07
<b>OPEX</b>	10.21	9.58	+7%	10.35

# FINANCIAL INFORMATION



Main factors for EBITDA increase in 2020  
EBITDA increased by EUR 3.96 million.



# FINANCIAL INFORMATION

The variance in the balance sheet was mainly caused by the acquisition of Grybai LT, KB in Q2 2020.

Improving cash flow from operations and new financing arrangements with banks will allow to focus on strategy implementation.

## Financial indicators



EUR million	2020	2019	Variance
Total assets	212.23	206.72	+3%
Interest bearing debt	59.90	59.03	+1%

EUR million	2020	2019	Variance
Net cash flow from operating activities	11.38	5.42	+110%
Net cash flows from/(to) investing activities	(7.18)	(2.44)	+194%

# FINANCIAL INFORMATION



Financing agreements with banks were signed to finance main operating companies of the Group in Q4 2020.

Favorable conditions:

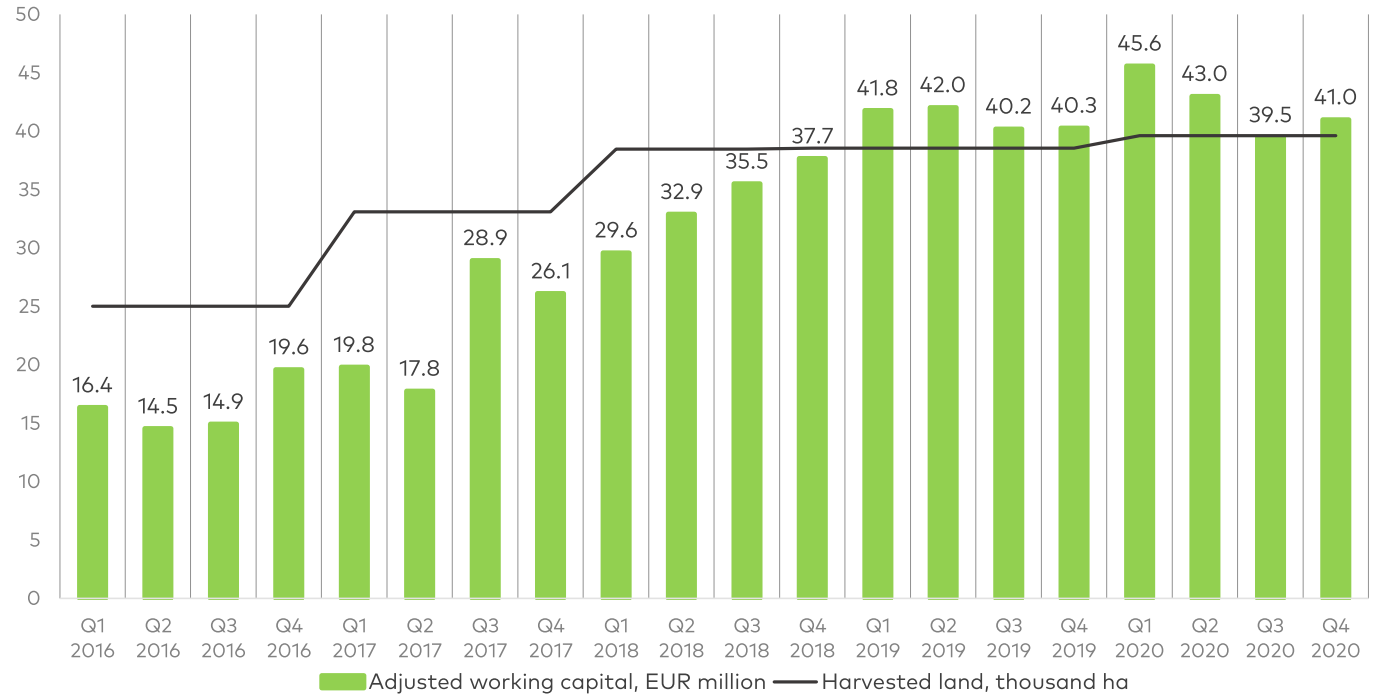
- Lower costs – average margin of banks' loans had decreased by 0.8%,
- More flexibility and opportunities for investments and expansion.

Strategic target – DSCR > 1,5



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## Working capital dynamics and financing



	2016	2017	2018	2019	2020
Net debt – adjusted working capital*, EUR million	10.74	16.87	15.91	15.14	16.32

\*Adjusted working capital = Current biological assets + Trade receivables, advance payments and other receivables + Inventory – Trade payables – Other payables and current liabilities. The adjusted working capital formula eliminates cash and financing elements allowing the reader to see how the short-term assets and liabilities directly related to operations of the Group are being utilized.

# FINANCIAL INFORMATION

The share price increased by 22.7% (from EUR 0.363 to EUR 0.445 per share) from the beginning of 2020 to 26 February 2021.

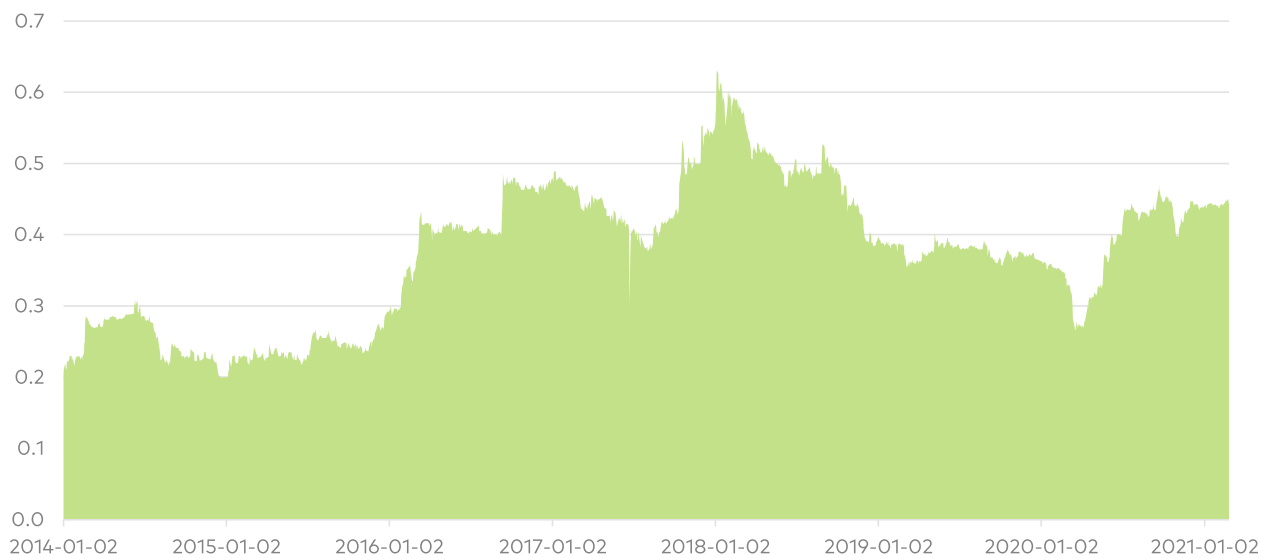
The average monthly turnover was EUR 0.32 million.

Top 3 corporate bond turnover in Baltics (annual turnover of EUR 2.28 million in 2020).

## Share price information



AUGA group, AB share price on Nasdaq Vilnius, EUR



Valuation target price, EUR



0.69\*



0.45-0.55



0.64

\* - Base case scenario





## More information:

- Nasdaq Vilnius, Baltic Main List: [AUG1L](#)
- Nasdaq Vilnius, green bonds: [AUGB060024A](#)
- Information for investors, data in MS Excel format: <http://auga.lt/en/for-auga-investors/>
- Analyst reports: <http://auga.lt/en/for-auga-investors/analyst-coverage/>
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auga Group

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COST TO NATURE**