



**FINANCIAL RESULTS
FOR THE 12 MONTHS PERIOD
ENDED 31 DECEMBER 2019**

PRESENTING



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CEO



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FINANCIAL RESULTS



EUR'million	2018	2019	Variance
Revenue	54.7	71.1	16.4
Gross profit	3.7	11.9	8.2
EBITDA* (before IFRS16)	3.5	11.0	7.5
EBITDA** (after IFRS16)	n/a	17.1	-
Net profit (before IFRS16)	(5.9)	(2.0)	3.9
Net profit (after IFRS16)	n/a	(3.0)	-
Net debt (before IFRS16)	53.6	55.2	1.6
Net debt (after IFRS16)	n/a	90.1	-
Net financial debt (before IFRS16) – adjusted working capital***	15.9	14.4	(1.5)

- ✔ Revenue increased by 30%;
- ✔ Gross profit increased by 221%;
- ✔ EBITDA increased by 214%;
- ✔ Net loss reduced by 66%;
- ✔ Net debt increased by 3%;
- ✔ Implementation of IFRS16 affected the net debt by EUR 35.0 million;
- ✔ Net debt – adjusted working capital decreased by 9%.

* EBITDA (before IFRS16) = net cash flow from operating activities before changes in working capital and net interest paid, as it is disclosed in the cash flow statement, including gain (loss) on changes in fair value of biological assets excluding the impact of IFRS 16 implemented since January 1, 2019.

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*** 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.



COMPANY MOVES TO LONG-TERM FINANCING

	As at 31 December 2018	As at 31 December 2019	Variance
Borrowings from banks	14,850	8,405	(6,445)
Credit-line facilities	21,270	19,300	(1,970)
Long-term payable to non-credit institutions	8,235	4,561	(3,674)
Bonds long-term payable	-	18,523	18,523
Total financial liabilities	44,355	50,789	6,434

Borrowings from banks	5,582	6,258	676
Credit-line facilities	21,270	19,300	(1,970)
Borrowings from non-credit institutions	3,674	4,561	887
Total current borrowings	30,526	30,119	(407)
Within second year	10,855	996	(9,859)
Within third year	1,499	571	(928)
Fourth year and later	1,475	19,102	17,627
Total	13,829	20,670	6,841

- ✔ In Q4 2019, the Company issued 20.000 6% 5Y green bonds with nominal value of EUR 1.000. Total financing received (after discounts and issue-related expenses) was EUR 18.523 thousand;
- ✔ Part of the financing was used to refinance existing long-term and short-term borrowings;
- ✔ The company's expansion since 2016 required an additional working capital financing which was done tapping into credit-line facilities;
- ✔ Long-term goal of the company is to refinance part of credit-line facilities with long-term financing.

LEASE LIABILITIES INCREASED DUE TO IFRS16

The Group's leases consisted of the following:

	As at 31 December 2018	As at 31 December 2019
<i>Long-term lease liabilities</i>		
Lease liabilities related to right-of-use assets*	-	30,847
Lease liabilities related to other assets**	7,889	5,303
Total long-term lease liabilities	7,889	36,150
<i>Short-term Lease liabilities</i>		
Lease liabilities related to right-of-use assets*	-	4,113
Lease liabilities related to other assets**	3,618	2,942
Total short-term lease liabilities	3,618	7,054
Total lease liabilities	11,507	43,205

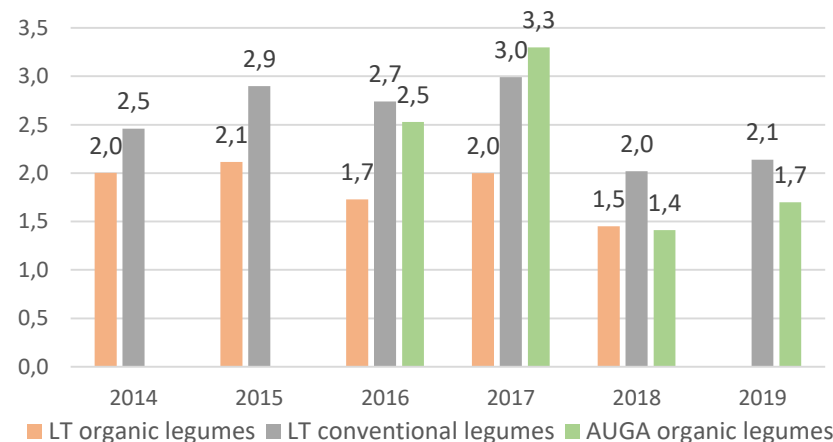
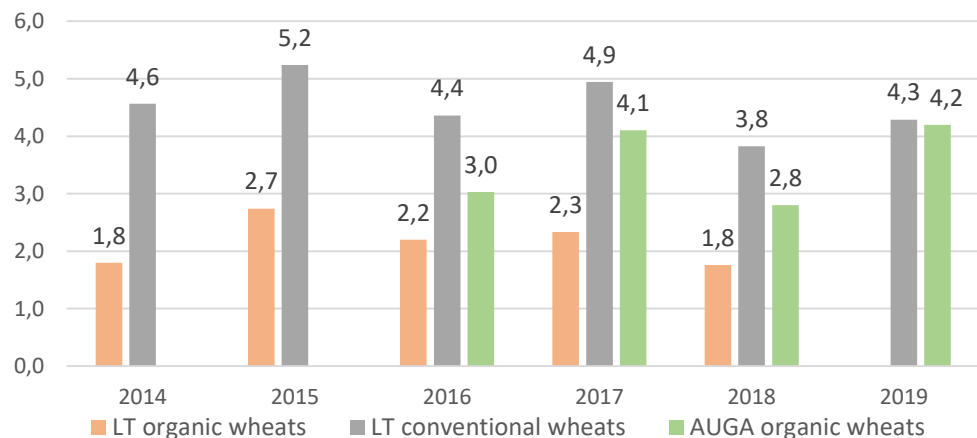
- ✔ In 2019, total lease liabilities increased due to the introduction of a new IFRS16 standard;

- ✔ The Company reduced the lease liabilities to financial institutions by EUR 3.26 million.

CROP GROWING SEGMENT



HARVEST IN THE SEASON OF 2018/2019



NOTE: The data on LT organic farms in 2019 has not yet been published.

Reference: Lithuanian Statistics Department, data of the survey of the activities of Lithuanian agricultural producers included in the Farm Accountancy Data Network (FADN), the Group's data.

Wheat yield in Lithuania, t/ha

Legumes yield in Lithuania, t/ha

- ✔ In 2019, a shortage of rain in spring and beginning of summer as well as an unusually hot June had a negative impact on most cash crops yield potential, especially legumes;
- ✔ Average wheat yield was 4.2 t/ha in 2018/2019 season compared to 2.8 t/ha in 2017/2018 and 4.1 t/ha in 2016/2017. The Group believes that the wheat yield potential this season was around 15% higher were weather conditions closer to the seasonal averages;
- ✔ Average legumes yield was only 1.7 t/ha in 2018/2019 season. It was slightly better than in 2018, but significantly lower than in 2017. Although, results from legumes were disappointing for two years in a row the Group constantly improves the technologies used in growing these crops and believes that upside yield potential is very significant were weather conditions closer to the seasonal averages;
- ✔ As can be drawn from the data presented, the Group average wheat and legumes yields are approximating the average yields achieved on non-organic farms in Lithuania. These are related to the annual technology improvements, the experience gained in organic farming, and refined land cultivation and land quality.



SUMMARY ON CROP PRICES, COSTS AND PROFIT (LOSS)

Average price of 1 tonne of crop, eliminating sales costs, EUR	2018/2019	2017/2018	Comparison, %
Wheat	243	256	-5%
Legumes	357	371	-4%
Other cash-crops	181	221	-18%

Cost per 1 ha cultivated land, EUR	2018/2019	2017/2018	Comparison, %
Wheat	884	881	0%
Legumes	792	790	0%
Other cash-crops	1,176	1,038	13%

Gain (loss) on revaluation of agricultural produce at point of harvest, EUR/ha	2018/2019	2017/2018	Comparison, %
Wheat	217	-157	238%
Legumes	-195	-268	73%
Other cash-crops	324	90	360%

- ✓ Average sales price of wheat and legumes decreased in line with the decline in the market prices;
- ✓ Average sales price of other cash-crops was mainly impacted by the different crop-mix (proportion of lower price crops increased);
- ✓ The adoption of IFRS16 in 2019 had a positive impact on the costs, by around 28 eur/ha. By eliminating this effect, the costs would increase by around 4%;
- ✓ Gain on wheat mostly increased due to the 48% higher yield compared to 2018;
- ✓ Legumes remain in loss due to the unusual draught and a hot summer;
- ✓ The Group put a continuous effort in improving the technology used for growing legumes; in the belief, that the upside yield potential is very significant for these crops should weather conditions be more favorable.
- ✓ Gain on other cash-crops increased due to better yield and different crop-mix.

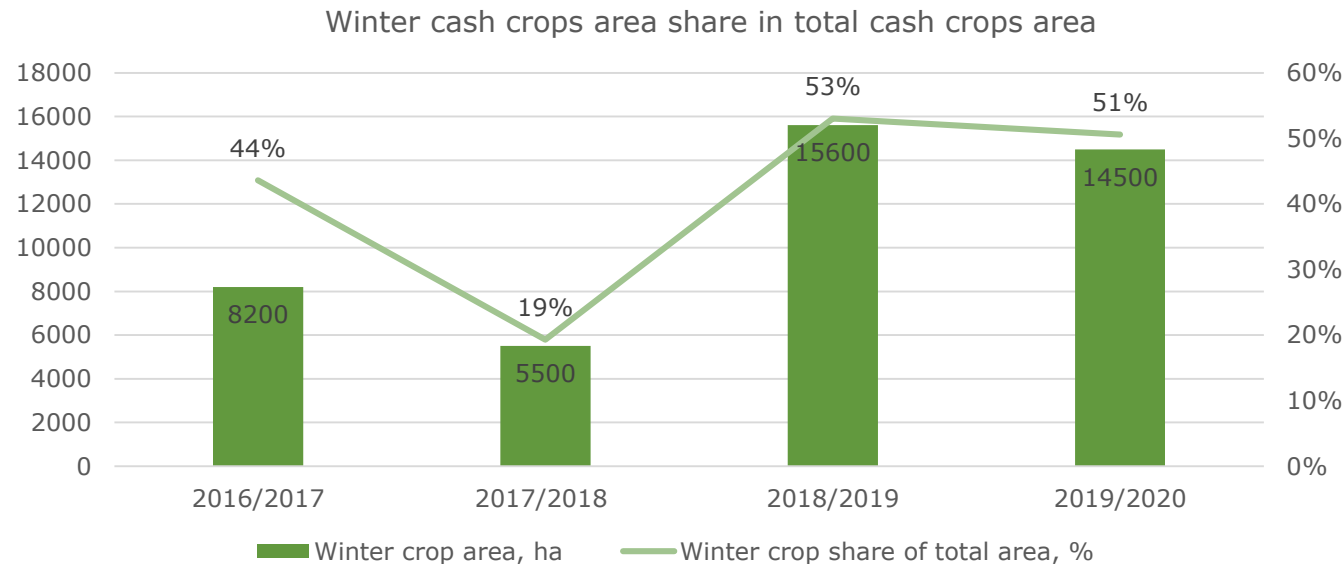
✓ Gross profit of crop growing segment, including the result of sales of agricultural produce, gain (loss) on changes in fair value of biological assets and agricultural subsidies, amounted to EUR 11.32 million in 2019 compared to EUR 4.29 million the year earlier.



MILD WINTER SETS A POSITIVE OUTLOOK ON THE 2019/2020 SEASON



- ✓ Weather conditions in the autumn of 2019 were favorable for sowing and other preparatory land works for the season of 2019/2020. As a result, the seeding of winter crops and land preparation works were completed on time.
- ✓ During the autumn of 2019, the Group had sown around 14.5 thousand ha of winter crops, which represent around a half of the total cash crops area to be planted in the season of 2019/2020. In comparison, the season of 2018/2019 saw around 15.6 thousand of winter cash crops sown.
- ✓ Favorable 2019 autumn weather also allowed for proper cultivation of the land and preparation for summer crop sowing in the spring of 2020.
- ✓ Mild winter positively impacted winter crops, their condition before spring is better compared with the average of our climate zone.
- ✓ As a result, the Group is well prepared for the season of 2019/2020 and remains positive about next year harvest potential.



MUSHROOM GROWING SEGMENT



STABLE BUSINESS AND INCREASING SHARE OF ORGANIC MUSHROOMS



	12 months 2019	12 months 2018
Total mushrooms sold, tons	12,256	12,147
Non-organic mushrooms, tons	11,335	11,271
Organic mushrooms, tons	921	876
Total revenues from mushroom sales, EUR'000	26,319	23,875
Non-organic mushrooms, EUR'000	23,609	21,296
Organic mushrooms, EUR'000	2,710	2,579
Total cost of mushrooms sold, EUR'000	(23,733)	(22,331)
Non-organic mushrooms, EUR'000	(21,808)	(20,720)
Organic mushrooms, EUR'000	(1,925)	(1,611)
Total revenues from sales of mushroom seedbed, EUR'000	2,388	2,581
Total cost of sales of mushroom seedbed, EUR'000	(2,488)	(2,400)
Gross profit of mushroom growing segment, EUR'000	2,486	1,725

✓ The total volume of mushrooms sold remain stable;

✓ The sales volume of organic mushrooms increased by 5%;

✓ Price of non-organic mushrooms increased by 10% since the share of fresh mushrooms (which has a higher price) increased compared to mushrooms sold to processors.

	12 months 2019	12 months 2018	Change, 2019/2018
Average price of sold mushrooms, EUR/ton	2,147	1,966	9%
Non-organic mushrooms, EUR/ton	2,083	1,889	10%
Organic mushrooms, EUR/ton	2,943	2,944	0%
Average cost of sold mushrooms, EUR/ton	1,936	1,838	5%
Non-organic mushrooms, EUR/ton	1,924	1,838	5%
Organic mushrooms, EUR/ton	2,091	1,839	14%

✓ The gain in the average cost of sales for mushrooms is mostly related to the increase of the proportion of sales of fresh mushrooms with packaging (the cost and sales price of packaged mushrooms is higher than the ones sold in the reusable containers).

DAIRY SEGMENT



DAIRY MARKS BETTER YIELDS AND HIGHER SHARE OF ORGANIC IN SALES



	12 months 2019	12 months 2018
Total sales volume, tons	25,224	23,397
Non-organic milk, tons	6,425	12,245
Organic milk, tons	18,067	10,389
Cattle, tons	732	763
Total revenues of diary segment, EUR'000	10,138	8,954
Non-organic milk, EUR'000	2,051	3,882
Organic milk, EUR'000	7,371	4,246
Cattle, EUR'000	716	827
Total cost of of diary segment, EUR'000	10,641	10,261
Milk, EUR'000	9,925	9,434
Cattle, EUR'000	716	827
Revaluation of biological assets, EUR'000	(2,199)	(1,813)
Total subsidies, EUR'000	774	698
Gross profit of diary segment, EUR'000	(1,928)	(2,422)

✓ Sales volume increased due to better milk yields per cow, which stand for 19.7 kg per cow a day in 2019 vs 18.4 kg in 2018 (marking an 8% increase);

✓ Share of milk sold with organic price premium increased from 46% in 2018 to 74% in 2019;

✓ In line with the earlier periods, the Group is aiming to have a more diversified client portfolio to be able to deliver more stable organic milk sales and to further increase the share of the category in total milk sales.

✓ The Group is still in the process of certifying its organic milk production to meet the Chinese organic farming requirements. These certificates will expand the potential to sell all produced milk with organic price premium. The certification project is getting behind the schedule, but the Group plans to complete the certification during the second quarter of 2020.

	12 months 2019	12 months 2018	Change, 2019/2018
Average price of milk sold, EUR/ton	385	359	7%
Average price of non-organic milk, EUR/ton	319	317	1%
Average price of organic milk, EUR/ton	408	409	(0%)
Average price of cattle, EUR/ton	978	1,084	(10%)
Average cost of milk sold, EUR/ton	405	417	(3%)
Average cost of cattle, EUR/ton	978	1,084	(10%)

END-CONSUMER PACKAGED GOODS



WITH NEW MARKETS THE SALES ARE FURTHER EXPANDING



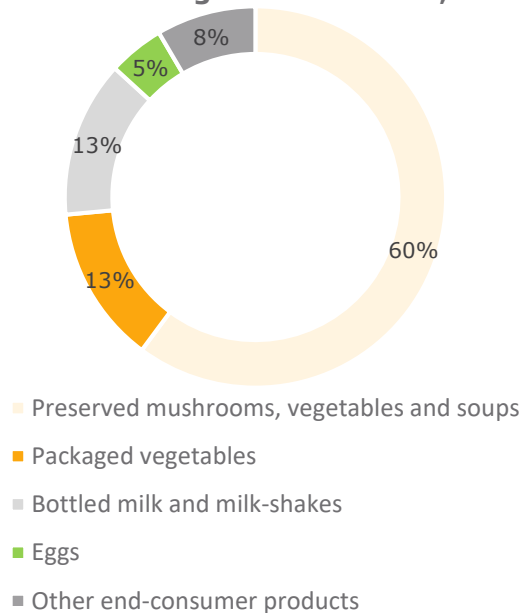
	12 months 2018	12 months 2019
Total revenue from end-consumer products, EUR'000	1,864	2,798
Total cost of end-consumer products, EUR'000	(1,793)	(2,752)
Gross profit of other segments, EUR'000	71	45

✓ Total revenues of end-consumer packaged goods segment increased by 50%;

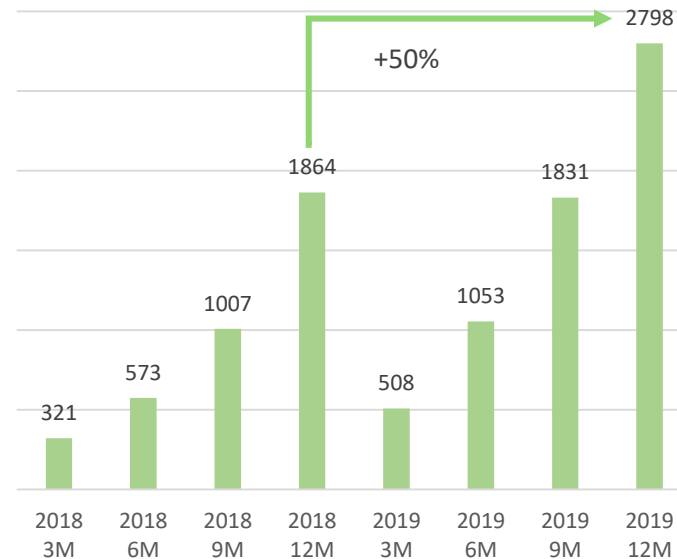
✓ The USA market was opened at the end of third quarter in 2019 and the first orders had already been delivered. The Group is also in the process of negotiations with several major retailers in the USA and other major countries.

✓ Preserved products, especially ready-to-eat organic soups, remain the main export product in the segment.

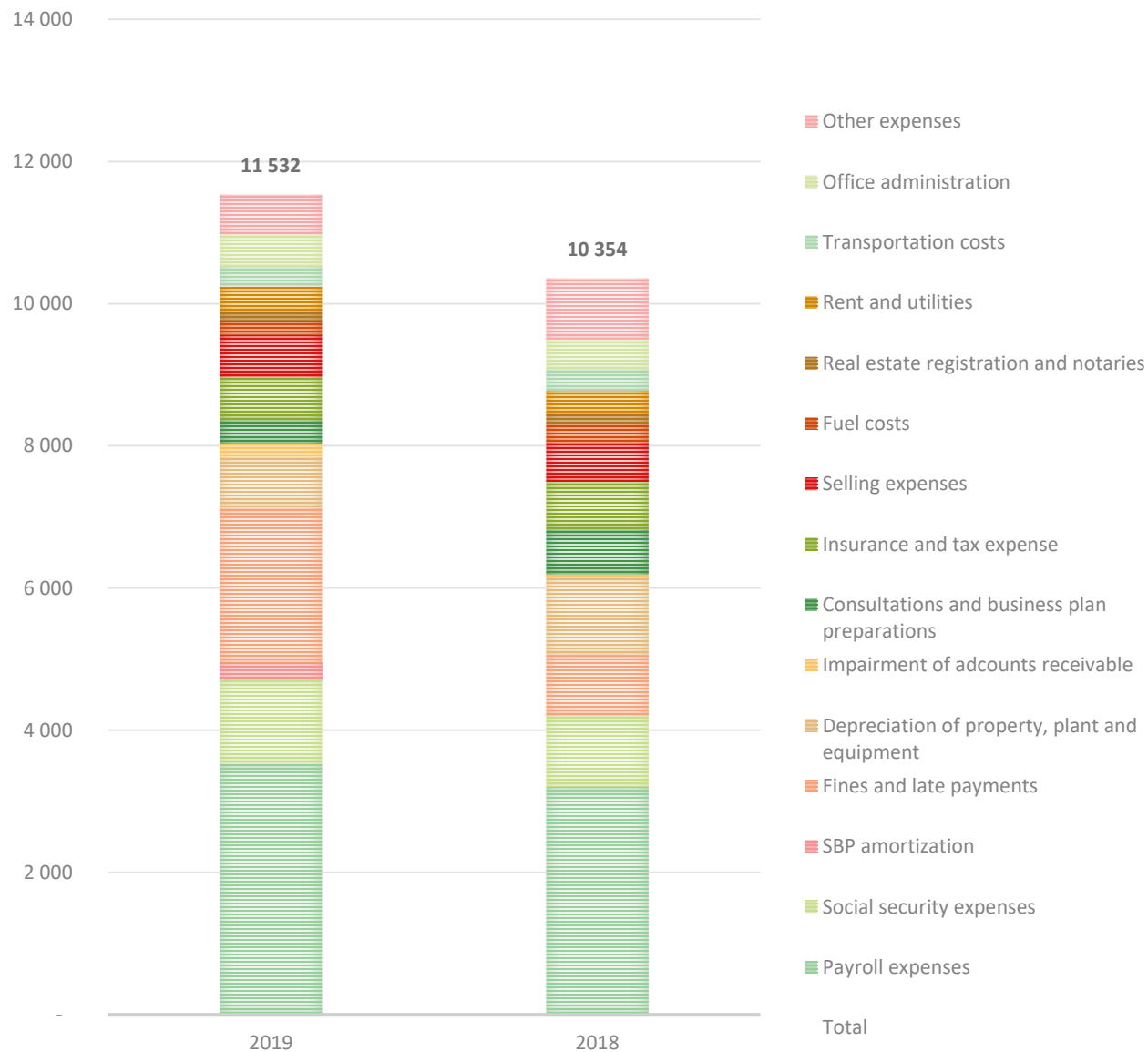
Revenues structure from end-consumer goods 2019 12M,%



Revenue changes, y-o-y



STRUCTURE OF OPERATING EXPENSES



Operating expenses increased due to the 3 main reasons:

- 1) Fines and late payments (EUR 1.319 thousand higher than previous period);
- 2) Payroll and social security expenses (EUR 499 thousand);
- 3) Amortization of share-based payments (EUR 247 thousand).

By eliminating one-off effects (fines and sanctions) and non-cash expenses (depreciation, impairments etc.) from both periods, the Group managed to stay on a similar OPEX level (EUR 8.209 thousand in 2019 vs. EUR 8.359 thousand in 2018).

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Thank you!

Find out more at www.auga.lt

