



PRESENTATION OF AUGA GROUP, AB

ORGANIC FOOD WITH NO COST TO NATURE

Updated: December 2020

MAIN FACTS ABOUT AUGA GROUP



1 200 employees

39 000 ha of arable land

EUR 71 million revenue, of which 70% comes from export*

Listed on Nasdaq Vilnius

Based in Lithuania, AUGA group is the largest vertically integrated organic food producer in Europe.

The group's companies undertake agricultural, food production, supply chain and administrative activities.

CROP GROWING



MUSHROOM GROWING



DAIRY



END-CONSUMER PRODUCTS



TRANSFORMATION MILESTONES

In five years, AUGA group of companies has transformed itself from conventional agricultural operations to a technology-based (AGTECH) organic food production business.

2015

Start of organic farming (24 000 ha)

Commencing supply of organic mushrooms

2016

The company renamed to AUGA group, AB

Introduction of AUGA brand

Launch of organic packaged vegetables

2017

Fully certified organic farming

Launch of organic soups, milk and grain products

Arable land area increases to 32 000 ha

2018

Successful SPO

Introduction of the first Sustainability Report

Arable land area increases to 38 000 ha

2019

Best corporate governance practices

Introduction of independent Board, issue of green bonds

Expansion of product range and export markets

2020

2020-2025 strategy approved

Strategic focus on sustainability and AGTECH

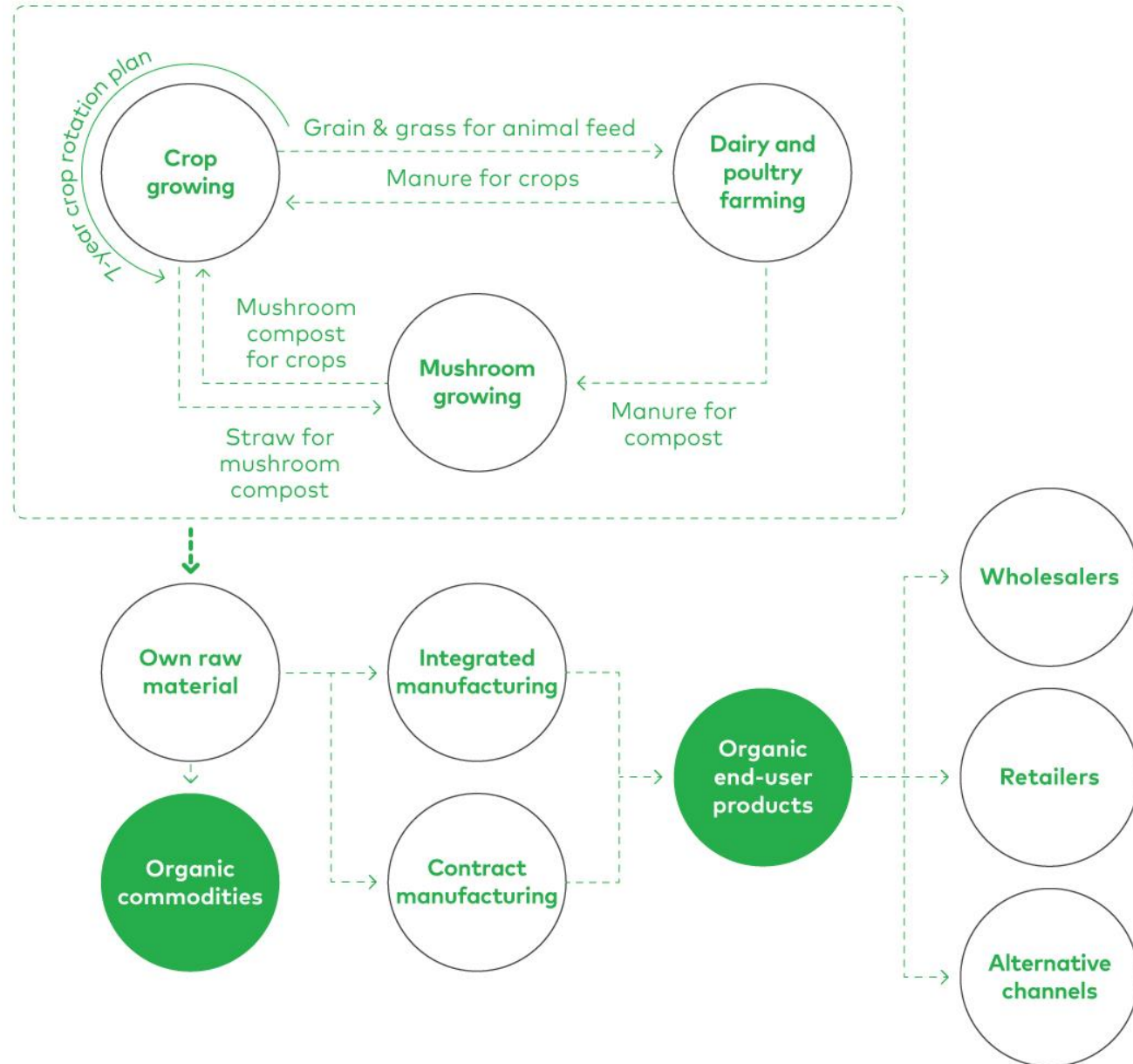
Arable land area increases to 39 000 ha



SUSTAINABLE BUSINESS MODEL

The Company is developing a closed-loop organic farming model which aims to achieve synergies among different branches of agriculture and the re-use of organic waste.

A vertically integrated production chain ensures that production is fully traceable, which is extremely important in organic farming.

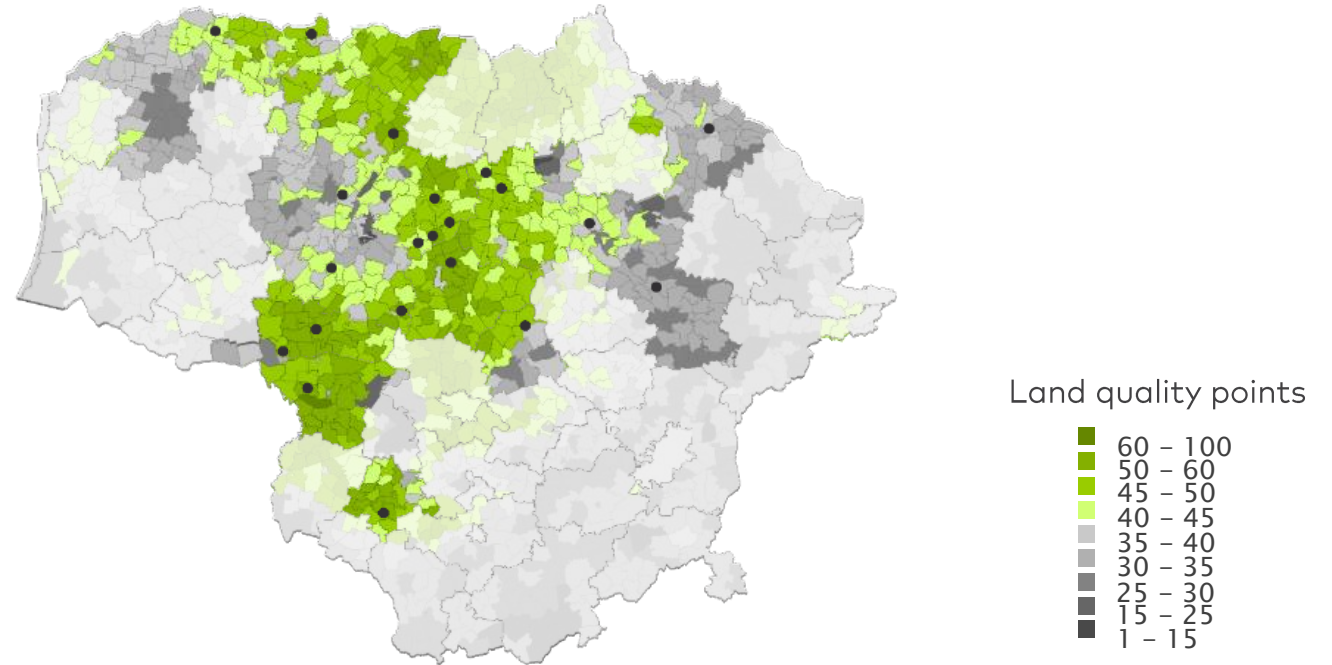


OPERATIONAL ASSETS

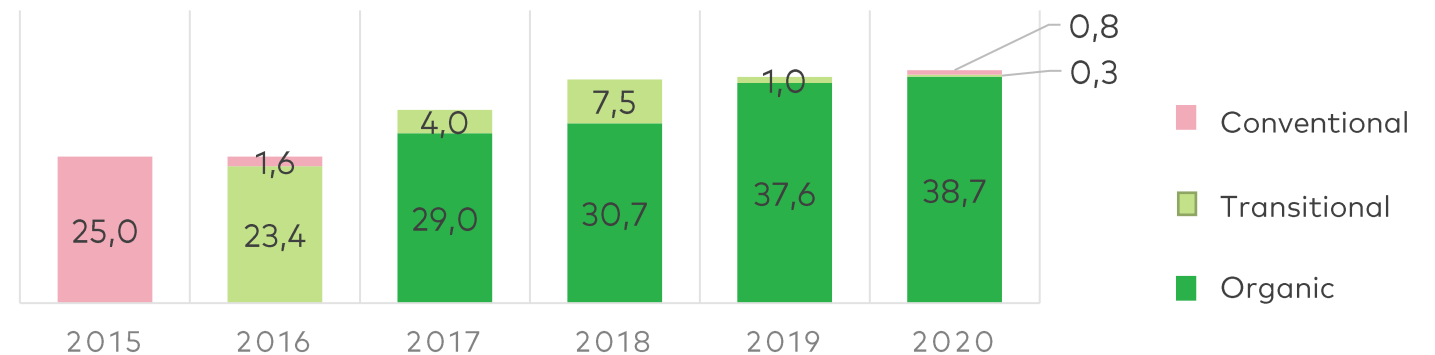
AUGA group gains efficiency of returns through leasing of land (9.3%) rather than low returns as an owner, operating in the most fertile areas of Lithuania.

Today the group of companies manages approx. 39,000 ha of organically certified arable land.

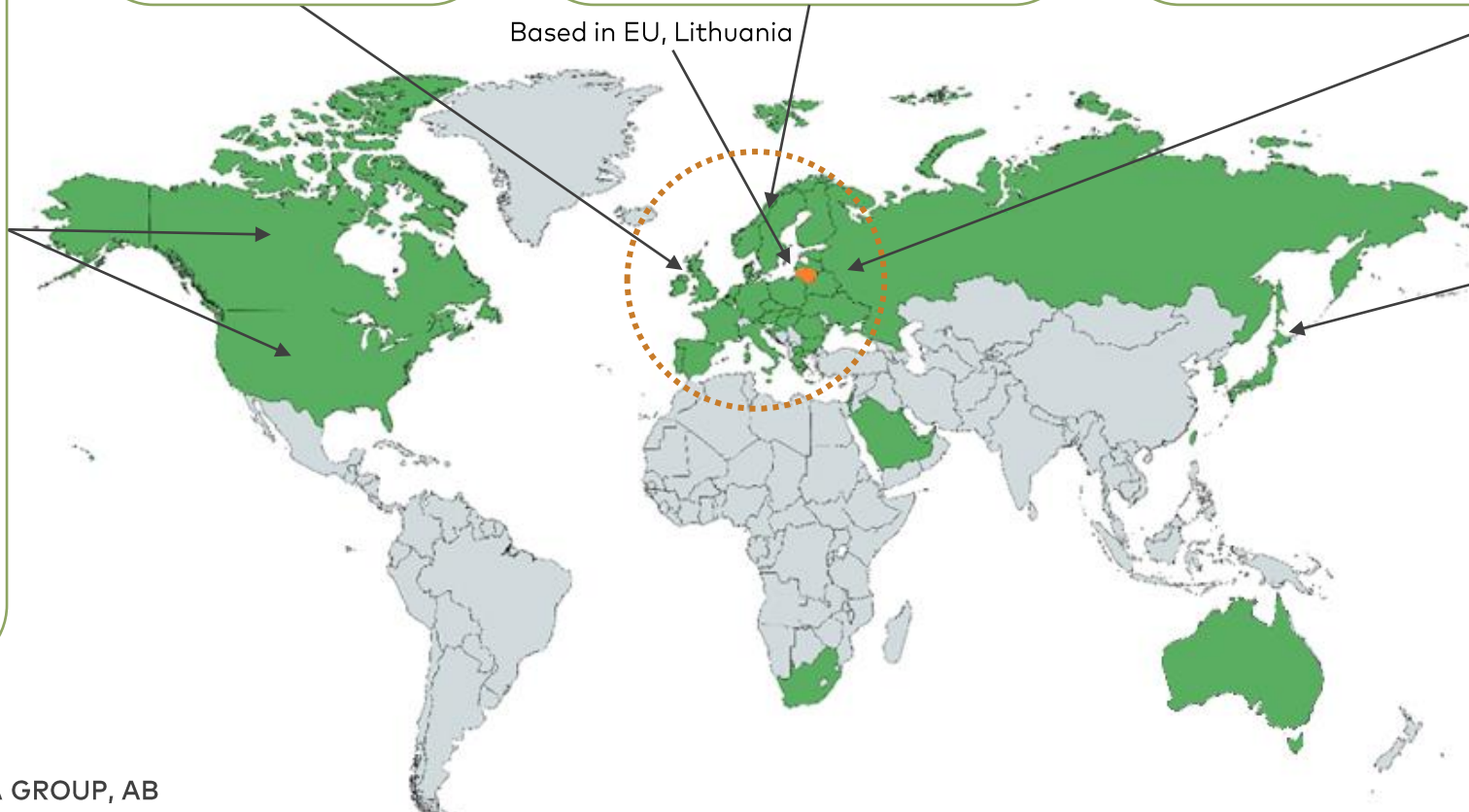
Location of main AUGA farms and land quality in Lithuania



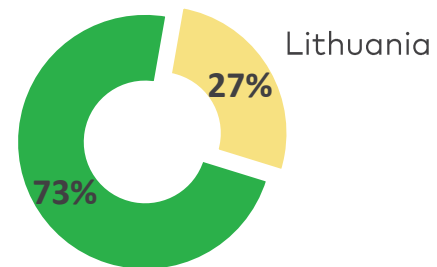
Managed land, thousand ha



EXPORT MARKETS AND BIGGEST CLIENTS



Sales revenue 2019



Export (incl. traders)

TEAM



The Company's team of specialists and engineers* has almost **1000** years of experience.

High job satisfaction rate (**4/5** employees are satisfied with their job).

Employees are motivated with share options.

AUGA group's team of 1 200 employees brings together agricultural professionals and technical engineers with many years of experience, alongside experts in finance, marketing, and other fields.



* The team of specialists and engineers consists of 150 employees.



MANAGEMENT

The Company's visionary and majority shareholder Kęstutis Juščius formed a new management team during the transformation of the Company, implementing a set of ambitious goals.



Kęstutis Juščius,
CEO



Tadas Baliutavičius,
Managing director



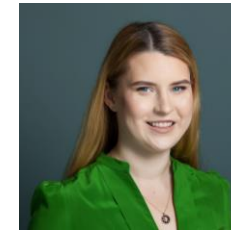
Mindaugas Ambrasas,
CFO



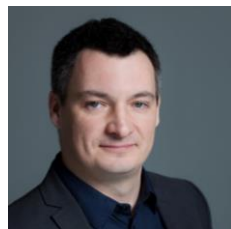
Armandas Šimulis,
Head of Asset
Management department



Gediminas Judzentas,
Marketing manager



Elina Chodzkaitė-Barauskienė,
Business development manager



Laurynas Miškinis,
Sales manager



Viktorija Gružauskienė,
Head of Human Resources



GOVERNANCE

As of 2018, the Company began publishing Sustainability Reports.

The independent Board, formed in 2019, is actively engaged in the implementation of good governance practices.

The Board consists of professionals from the fields of finance and investment through to sustainability, energy, FMCG and academia.

Independent Board – a unique case in Lithuania.
The Board consists of well-known professionals.
Sustainability Reports and good governance practices.



SHAREHOLDERS

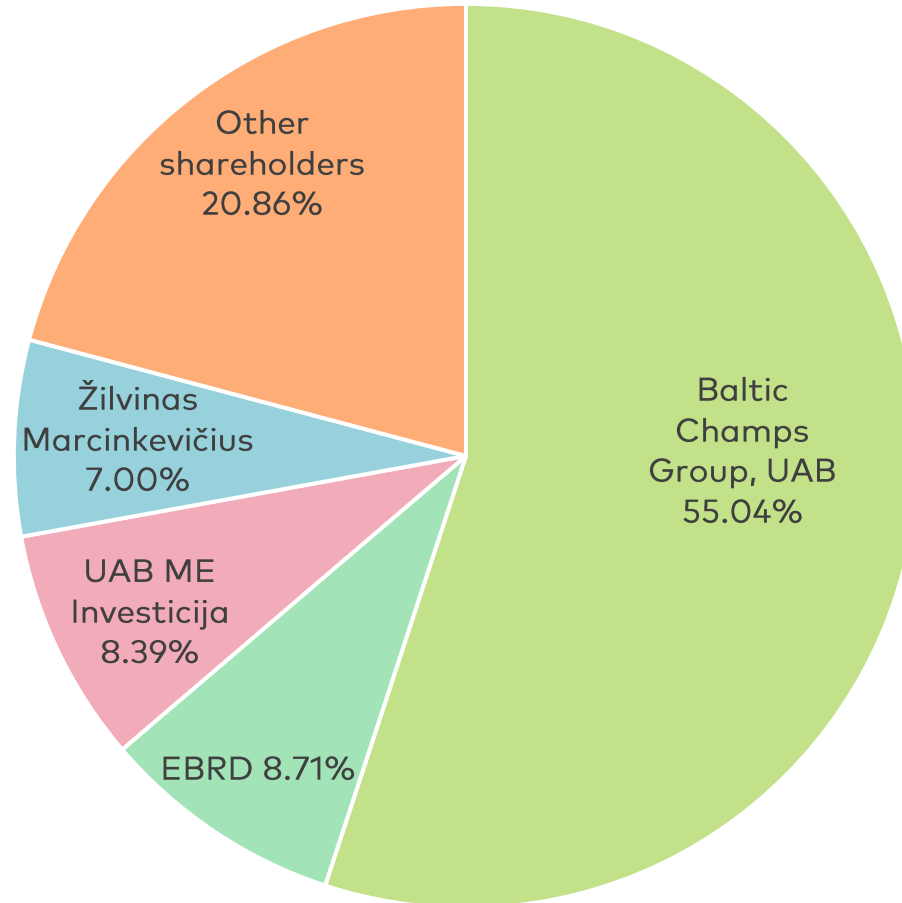
The Company's shares are listed on the Nasdaq Baltic Main List.

Largest Shareholders:

- Baltic Champs Group (100% shares belong to Kęstutis Juščius),
- European bank for reconstruction and development (EBRD),
- ME investicija – one of the largest institutional investors in the Baltics.

227 416 252 shares

1 541 shareholders* (increased by 18.4% over the year)



* Number of shareholders and foreign intermediaries on whose behalf the shares managed by their clients are accounted for in 2020. April 23

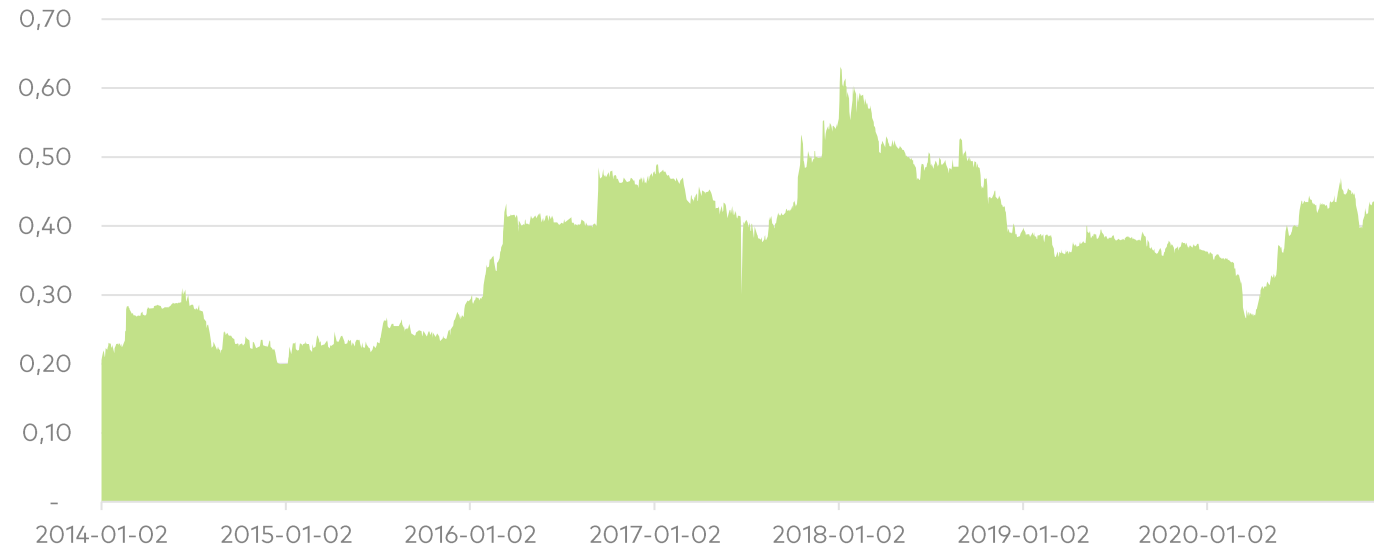
SHARE PRICE INFORMATION

The share price increased by 22.8% (from EUR 0.363 to EUR 0.446 per share) from the beginning of 2020 to 30 November 2020.

The average monthly turnover was EUR 0.35 million.

No 3 corporate bond turnover in Baltics. (annual turnover 1.8 MEUR up to 2020.11.30)

AUGA group, AB share price on Nasdaq Vilnius, EUR



Valuation target price, EUR



0.68*



0.45-0.55



0.64

* - Base case scenario

LATEST FINANCIAL RESULTS



AUGA group improved revenue in all business segments in 2020.

Revenue, profit and EBITDA have increased.

	2017*	2018*	2019	9M2020	9M2019
Revenue, EUR million	48.78	54.75	71.13	62.38	47.05
Gross profit, EUR million	14.93	3.66	9.85	11.88	8.00
EBT, EUR million	5.02	(5.98)	(3.22)	0.44	(1.28)
EBITDA, EUR million	14.19	3.55	17.12	15.94	12.43

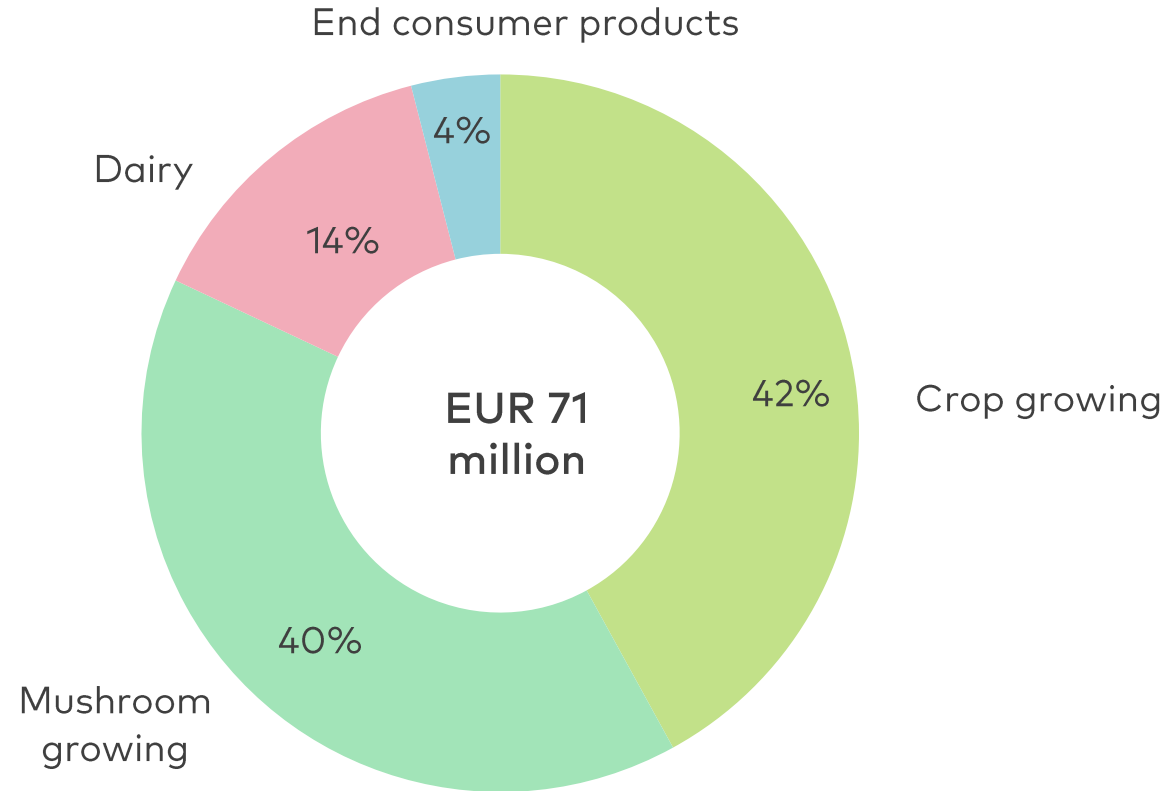
* - IFRS16 effect



REVENUE DISTRIBUTION IN 2019

The biggest business segments of AUGA group is crop growing and mushroom growing.

End-consumer products (FMCG) segment is of strategic importance for the company and currently is the fastest growing.



Efficiency agenda 2023:

- Alignment of organic wheat and pulse yield levels with the geographic conventional average.
- Implementation of expedient organic seed mechanisms in AUGA farms.
- Introduction of farming best practices in AUGA farms.

On 39,000 hectares ha of land, AUGA grows organic wheat, legumes, rapeseed, sugar beets, organic vegetables and organic feed for livestock.

Company applies multi-year crop rotation, min-till technologies, and innovative agricultural machinery.



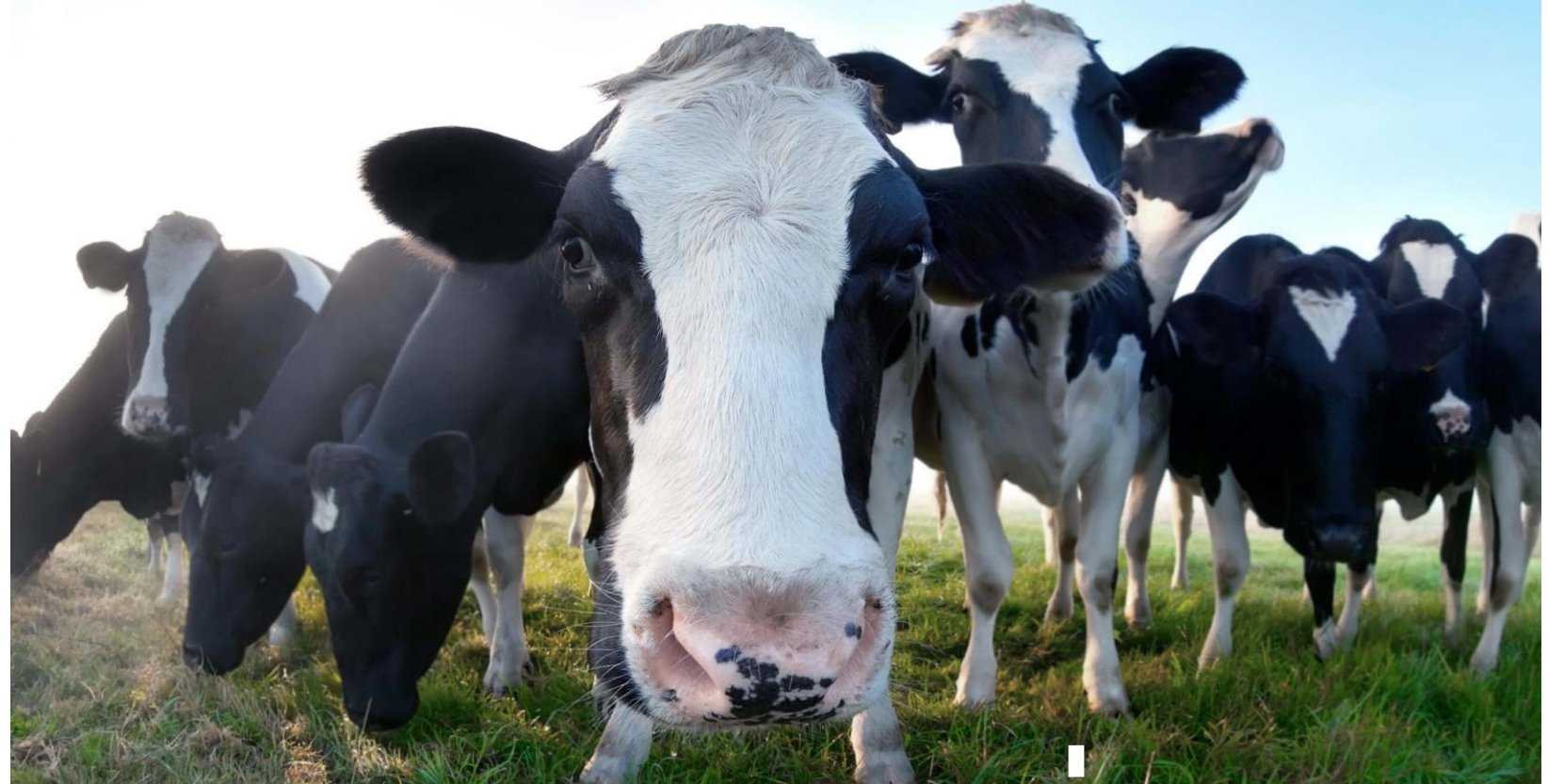
About the segment

Efficiency agenda 2023:

- Improvement of animal welfare.
- Introduction of customized animal care programmes from milking to feeding.
- Alignment of cost structure for organic milk with the level of conventional.

Dairy segment includes organic milk production and cattle raising. AUGA produce over 25 000 tones of milk per year.

Dairy segment operates in synergy with organic crop growing as it consumes forage crops used for crop rotation and its organic waste is used as fertilizer for crops.



MUSHROOM GROWING

Efficiency agenda 2023:

- Review of the whole mushroom cultivation cycle.
- Introduction of technology solutions in the most labour-intensive areas (i.e. picking and packaging).
- Increase of the share of sales in the organic market.

About the segment

Baltic Champs, part of AUGA group, is the largest producer of mushrooms in the Baltics, mainly exporting to Sweden, Denmark, Norway, Latvia and Estonia.

The company grows approx. 12,000 t of mushrooms annually and produces compost for mushroom growing.



END-CONSUMER PRODUCTS (FMCG)



READY-TO-EAT SOUPS



PRESERVED PULSES AND MUSHROOMS



FRESH MUSHROOMS



GRAIN PRODUCTS



EGGS



FRESH VEGETABLES

Efficiency agenda 2023:

- Expansion of AUGA and private labels in existing and new markets.
- Raising AUGA brand awareness.
- Definition of the sustainability criteria.

This segment is of strategic importance for the company and due to active export, and a demand for organic products, FMCG is the segment where AUGA is experiencing most growth.

All products are based on innovative food production standards and the growing consumer demand for sustainable food.



LATEST FINANCIAL RESULTS BY ALL SEGMENTS



	2017	2018	2019	9M 2019	9M 2020
CROP GROWING					
Sales revenue, EUR million	14.20	17.47	29.49	16.45	27.89
Gross profit, EUR million	13.36	4.29	7.79	7.14	10.17
DAIRY					
Total quantity of products sold, t	23.87	23.39	25.22	19.14	19.83
Revenue, EUR million	9.01	8.95	10.14	7.63	8.18
Gross profit, EUR million	0.49	(2.42)	(0.47)	(0.65)	0.04
MUSHROOM GROWING					
Sold mushrooms, t	12.02	12.15	12.26	9.01	9.65
Mushroom sales revenue, EUR million	21.54	23.88	26.32	19.28	21.54
Compost sales revenue, EUR million	2.89	2.58	2.39	1.87	1.40
END-CONSUMER PRODUCTS (FMCG)					
Revenue, EUR million	1.05	1.86	2.79	1.83	3.37
Gross profit, EUR million	0.05	0.07	0.05	0.01	0.29



MARKET TRENDS

GLOBAL ORGANIC MARKET TRENDS



In 2018, global organic sales reached EUR 92 bn.

In 10 years, consumers have more than tripled their consumption of organic products, and demand continues to grow.

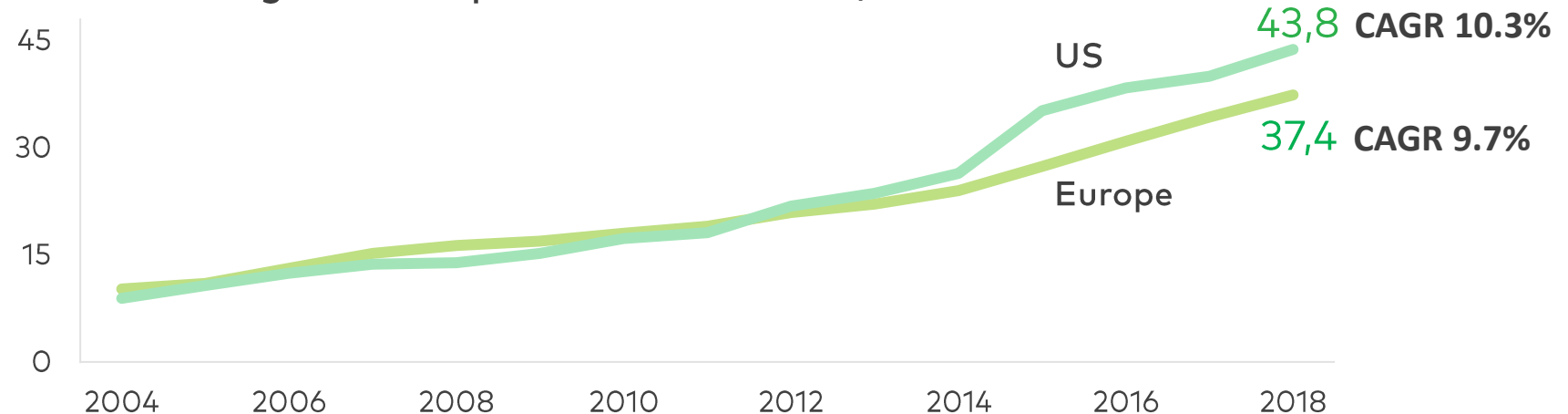
Country	Market size, EUR bn	Growth 2018/19
Germany	12.0	+9.7%
France	9.7	+15.4%*
Italy	4.2	+16.0%
UK	2.8	+4.5%
Switzerland	2.7	+13.3%*
Denmark	1.8	+12.9%*

The largest organic markets in Europe

◀ The largest per capita consumption per year – EUR 312

◀ The largest market share of organic products in the country – 11.5%

Organic food products retail sales, EUR bn



Source: <http://www.ifoam-eu.org/en/organic-europe>; <http://www.organic-europe.net>; <https://www.organic-world.net/yearbook/yearbook-2019.html>; https://statistics.fibl.org/world/retail-sales-world.html?tx_statisticdata_pi1%5Bcontroller%5D=Element2Item&cHash=35a0fcd89ae099d2ff14fe1ddb38a1aa; <https://orgprints.org/37391/14/2-Schaack-2020-Germany.pdf>, <https://orgprints.org/37391/3/3-Lacarcce-2020-France.pdf>, <https://orgprints.org/37391/4/4-Zanoli-2020-Italy.pdf>, https://www.biosuisse.ch/media/Ueberuns/Medien/BioloZahlen/JMK2019/DE/7_2018_bio_in_zahlen_de.pdf, <http://www.ekoweb.nu/attachments/67/68.pdf>, <https://orgprints.org/37391/11/1-Willer-2020-Europe.pdf>, <https://www.organicdenmark.com/facts-figures-about-danish-organics>, https://orgprints.org/37391/10/5-Holdstock_2020_UK.pdf

COVID-19 IMPACT ON ORGANIC MARKET

Consumers prefer home-cooked food, so they not only buy more, but also choose healthier, more environmentally friendly products.

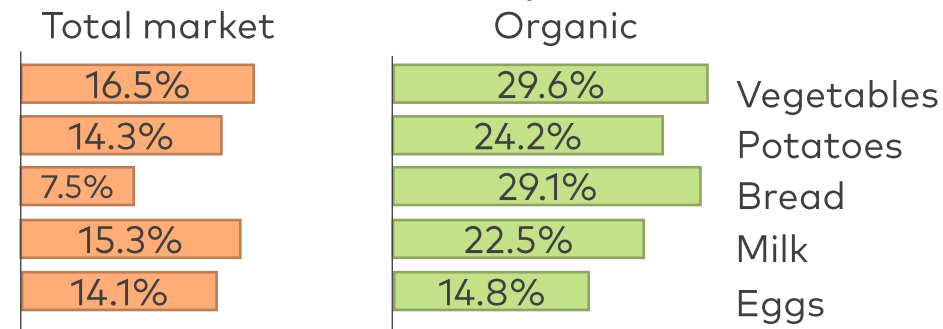
According to market research conducted in Germany¹ and France² in 2020, the consumption of organic products grew faster than conventional consumption in many categories.

There are two main factors that have a positive effect on the organic product market:

- 1) Increased concerns about health and nutrition.
- 2) The possibility to choose more organic ingredients when making food at home.

Similar trends can be observed in other countries.³

Growth of German retail market compared in March 2020 vs. March 2019



FROM FARM TO FORK STRATEGY OF THE EU

Goals till 2030th 1:

- to devote **25%** of all EU agricultural land to organic farming;
- to increase the GHG emission reduction target to **50%**;
- To reduce the use of chemical and hazardous pesticides by **50%**.

In May 2020, the European Commission announced the Farm to Fork strategy which is aimed at the tackling the key challenges of sustainable food systems.

The strategy lies at the heart of the EU Green Deal, aiming to make Europe the first climate-neutral continent by 2050.

The Farm to Fork strategy will determine the sustainable food value chain.



CONSUMERS DEMAND SUSTAINABILITY

Consumers, especially young people, are worried about the future and would agree to change their consumption habits and buy sustainable products, but expect fair prices.

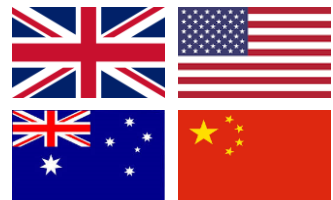
90% say that the climate crisis makes them feel insecure about the future¹

75% of 21-34-year olds say they would change their consumption habits to reduce their environmental impact²

71% say that sustainability criteria influence their purchasing habits³

83% would always choose a brand with a better history of sustainability

70% would agree to pay more for sustainable products and services, but 77% say products should still not be more expensive⁴



Source: ¹WGSN Future Consumer 2020. www.wgsn.com

²<https://www.nielsen.com/us/en/insights/article/2018/was-2018-the-year-of-the-influential-sustainable-consumer/>

³SB INSIGHT AB, 2020. Representative survey of 1200 respondents in Baltic countries. Term "sustainability" covers Social and Environmental issues.

⁴The New Sustainability Re-Generation. INNOVATION GROUP report 2018

An aerial photograph showing a diagonal boundary between a dark, tilled field on the left and a vibrant green field on the right. A line of trees runs along this boundary. The text 'AUGA GROUP'S SUSTAINABILITY-FOCUSED STRATEGY (2025)' is overlaid in white at the bottom.

AUGA GROUP'S SUSTAINABILITY-FOCUSED STRATEGY (2025)

THE FUTURE OF AUGA

In 2015, the strategic decision to switch to organic farming and produce organic products was made.

In 2020, the Company is taking a new step and developing a new standard for sustainable organic food in the food value chain. This is focused on building environmental and long-term sustainability for the AUGA community.

Vision – a synonym for sustainable food and lifestyle.

Mission – deliver organic food with no cost to nature.

CONSUMERS

a more sustainable way to eat



FARMERS

a more sustainable way to work



PRIVATE AND INSTITUTIONAL LENDERS

a more sustainable way to invest



SHAREHOLDERS

a more sustainable way to receive financial returns



CURRENT CHALLENGES IN THE FOOD VALUE CHAIN

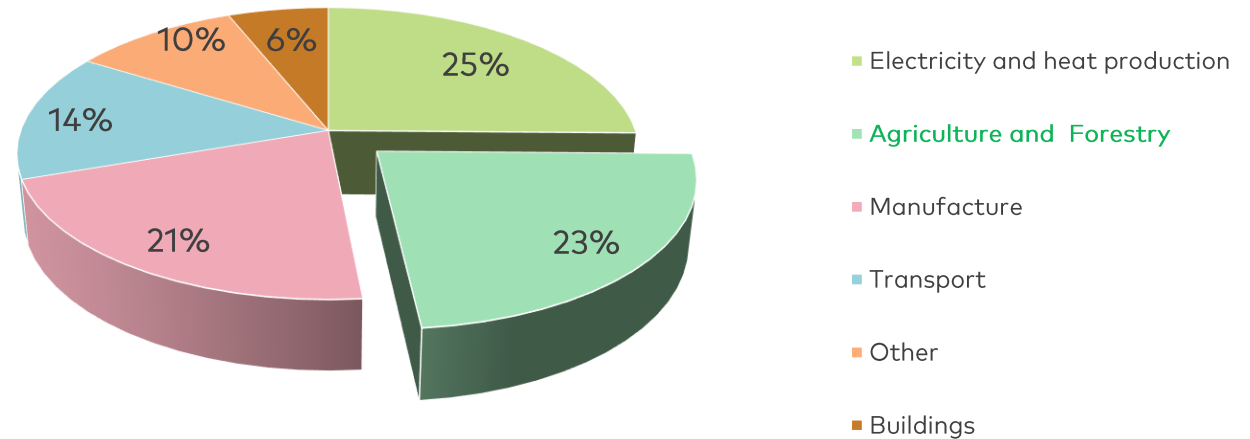


Globally, agriculture accounts for about **23%** of total GHG emissions (from farming activities and deforestation due to agricultural development).

Organic farms, meanwhile, face the efficiency and sustainability challenges of not achieving high yields while incurring higher costs than traditional farms.

The AGTECH solutions offered on the market are unable to solve either global or local challenges.

Green house gas emissions by sectors



Challenges of different farming models

	Conventional farming	Organic farming	au ga SOFA model
Efficiency	High	Low	High
Environmental impact	Big	Small	Minimal
Products	Contaminated	Clean	Clean

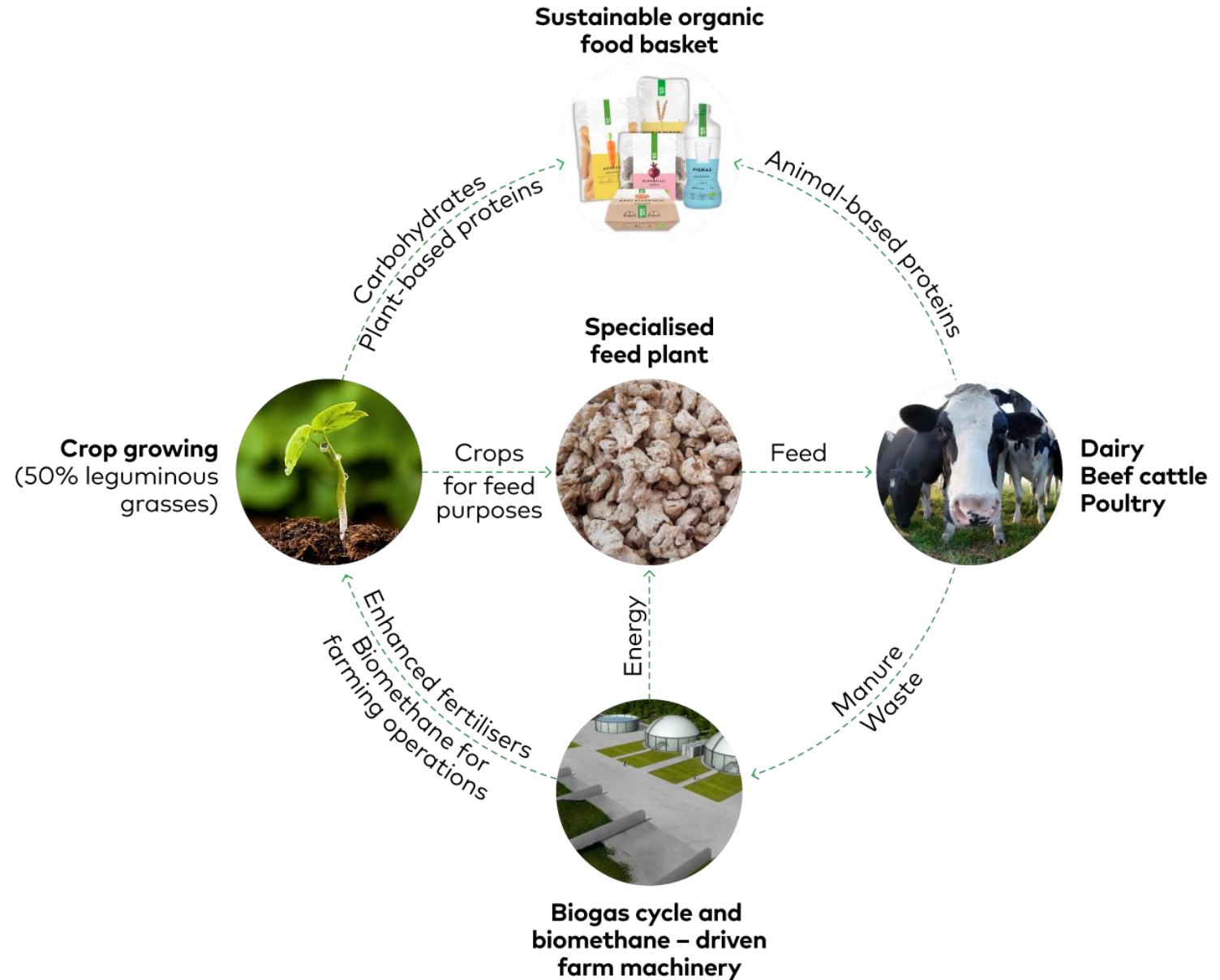


AUGA SOFA MODEL

SOFA (Sustainable organic food architecture) model will allow to deliver organic food with no cost to nature through the implementation of AGTECH:

- 1) Biogas cycle infrastructure and vehicles,
- 2) Specialised feed technology,
- 3) Regenerative crop-rotation.

A sustainable organic food value chain and agriculture efficiency will be achieved.



CO2 REDUCTION GOALS BY 2025

The use of fossil fuels in agricultural operations is being replaced by biomethane from animal manure.

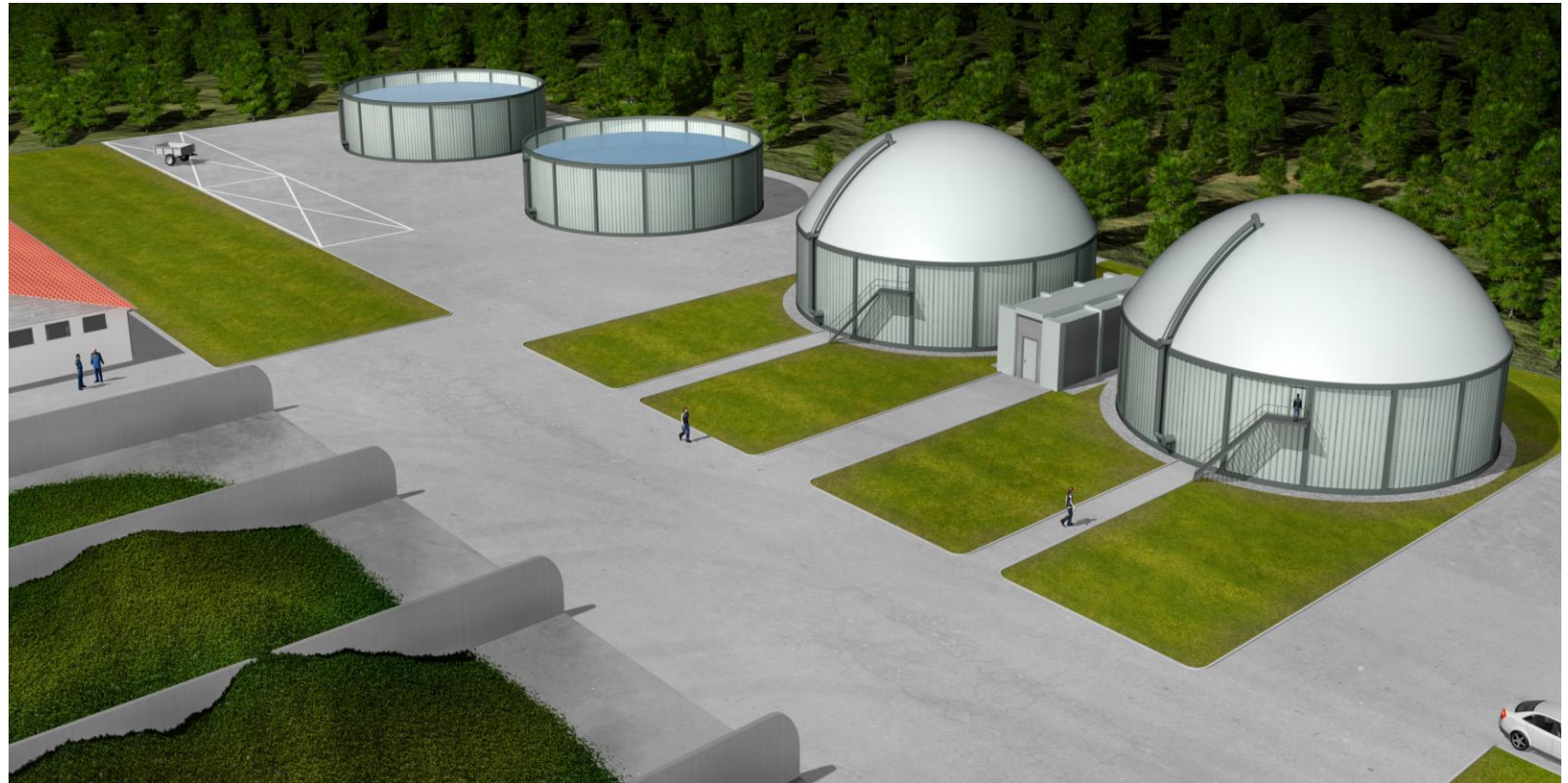
Methane emissions from animal enteric fermentation are reduced by using specialized feed technology.

Emissions from soil are reduced by using the perennial legume crop rotation method.

50% less emissions from fossil fuel use on farms.

50% less emissions per one tonne of cow's milk.

30% less emissions from agricultural dry matter yield per tonne.



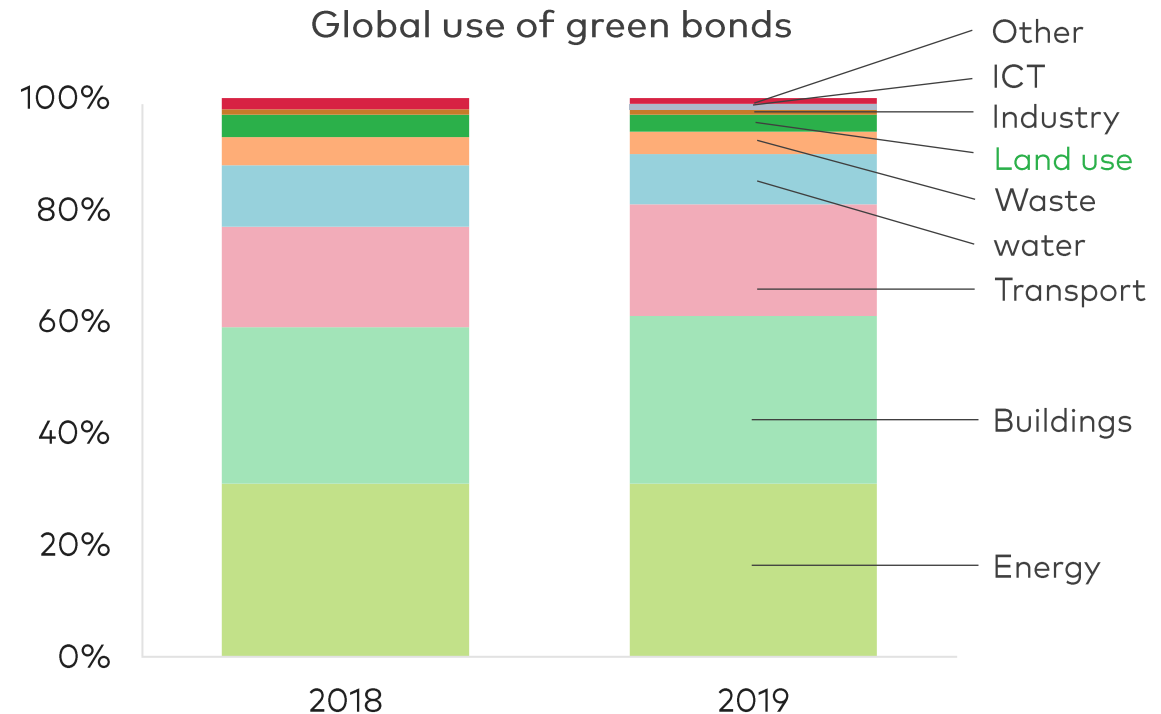
SUSTAINABLE FINANCING

In 2019, the green financing market (bonds and loans) reached EUR 238.7 bn., but only 3% of all financing was dedicated to land use (agriculture and forestry).

The AUGA community model will bring together institutional and private lenders who want to invest in sustainable food value chain technologies.

Investments will reach not only AUGA, but also small farmers.

- Agriculture is currently unable to access green financing.
- Lenders will have the opportunity to invest in SOFA sustainable food chain goals.
- Both AUGA group and small farmers will have an opportunity to innovate.



THE FUTURE OF AUGA



In 2020, the Company is taking a new step and developing a new standard for sustainable organic food in the food value chain. This is focused on building environmental and long-term sustainability for the AUGA community.

CONSUMERS

Ability to deliver consumer basket with least cost to nature

FARMERS

Functionality of Sustainable Organic Food Architecture

PRIVATE AND INSTITUTIONAL LENDERS

Resilience in business structure through long-term financing and impact-driven lenders

SHAREHOLDERS

Unique asset-light business model able to demonstrate ROE 15%, multiply Company value x3 and retain growth dynamics in the periods to follow.



A photograph of a desk setup. In the background, a silver laptop is open. In the foreground, there is a stack of two spiral-bound notebooks on a wooden desk. A black pen lies on a white sheet of paper in front of the notebooks. The scene is lit by natural light from a window, creating a soft, professional atmosphere.

ANNEX: FINANCIAL DATA SHEETS

INCOME STATEMENT

EUR'000	2016	2017	2018	2019	2020 9M	2019 9M
		Audited			Unaudited	
Revenues	39 630	48 784	54 749	71 134	62 379	47 054
Cost of sales	(27 985)	(38 012)	(45 824)	(64 369)	(54 681)	(40 618)
Gain (loss) on changes in fair value of biological assets	(868)	4 159	(5 262)	3 082	4 179	1 564
Gross profit	10 777	14 931	3 663	9 847	11 877	8 000
Operating expenses	(7 014)	(8 585)	(10 354)	(9 582)	(7 262)	(6 831)
Other income	127	351	2 753	744	353	533
Operating profit	3 890	6 697	(3 938)	1 009	4 968	1 702
EBITDA*	11 213	14 193	3 546	1 740	9 354	7 858
EBITDA**	-	-	-	-	15 944	12 434
Finance cost	(2 098)	(1 904)	(2 295)	(5 000)	(4 530)	(2 981)
Profit (loss) before income tax	1 792	4 793	(6 462)	(3 991)	438	(1 279)
Income tax expense	353	222	482	773	-	-
Net profit (loss) for the period	2 145	5 015	(5 980)	(3 218)	438	(1 279)

EBITDA* (before IFRS16) – net cash flow from operating activities before changes in working capital and net interest paid, as it is disclosed in cash flow statement prepared according to IFRS, including gain (loss) on fair value changes of biological assets. IFRS16 adoption effect is eliminated. IFRS16 adopted from 1 January 2019.

EBITDA** (after IFRS16) – net cash flow from operating activities before changes in working capital and net interest paid, as it is disclosed in cash flow statement prepared according to IFRS, including gain (loss) on fair value changes of biological assets. IFRS16 adoption effect is included. IFRS16 adopted from 1 January 2019.

BALANCE SHEET



EUR'000	2016	2017	2 018	2019	2020 9M
ASSETS		Audited			Unaudited
Non-current assets					
Property plant and equipment	76 262	85 235	92 891	91 897	95 436
Right-of-use assets	-	-	-	36 211	36 689
Biological assets	6 858	8 029	9 128	9 397	9 123
Other non-current assets	3 573	5 867	9 919	7 171	5 876
Total non-current assets	86 693	99 131	111 938	144 676	147 124
Current assets					
Biological assets	5 223	10 111	14 390	16 035	15 027
Inventory	15 157	25 547	28 708	28 958	34 678
Trade receivables, advance payments and other receivables	13 367	10 765	14 573	13 322	27 655
Cash and cash equivalents	1 650	620	2 281	3 732	3 428
Assets held for sale	-	2 374	-	-	-
Total current assets	35 397	49 417	59 952	62 047	80 788
TOTAL ASSETS	122 090	148 548	171 890	206 723	227 912
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	54 351	54 351	65 951	65 951	65 951
Share premium	7 890	738	6 707	6 707	6 707
Reserves	4 758	6 468	9 761	11 946	12 831
Currency exchange differences	(217)	(165)	-	-	-
Retained earnings (accumulated deficit)	5 163	17 241	8 937	5 102	4 821
Non-controlling interest	293	382	359	369	364
Total equity	72 238	79 015	91 715	90 075	90 674
Non-current liabilities					
Borrowings	16 938	16 535	13 829	20 670	24 661
Obligations under lease	3 427	5 987	7 889	5 302	6 621
Obligations under lease, related with the right-of-use assets	-	-	-	30 847	34 274
Deferred grant income	3 286	3 657	3 433	2 992	2 949
Deferred tax liability	433	656	883	1 509	1 509
Total non-current liabilities	24 084	26 835	26 034	61 321	70 014
Current liabilities					
Current portion of non-current borrowings	3 585	4 506	9 256	10 819	5 044
Current portion of lease liabilities	2 690	2 956	3 618	2 942	1 087
Current portion of lease liabilities, related with the right-of-use assets	-	-	-	4 113	1 152
Current borrowings	5 350	13 607	21 270	19 300	22 039
Trade payables	8 796	14 467	14 681	13 433	26 151
Other payables and current liabilities	5 347	5 855	5 316	4 721	11 751
Liabilities related with assets held for sale	-	1 307	-	-	-
Total current liabilities	25 768	42 698	54 141	55 327	67 224
Total liabilities	49 852	69 533	80 175	116 648	137 238
TOTAL EQUITY AND LIABILITIES	122 090	148 548	171 890	206 723	227 912

CASHFLOW STATEMENT



EUR'000	2016	2017	2018	2019	2020 9M	2019 9M
		Audited			Unaudited	
Cash flows from / (to) operating activities						
Net profit (loss) before income tax	1 792	4 793	(6 462)	(3 992)	438	(1 279)
Adjustments for non-cash expense (income) items and other adjustments						
Depreciation expense	6 058	6 800	7 504	7 286	5 444	5 712
Depreciation expense (IFRS16)	-	-	-	5 492	4 497	4 400
Amortisation expense	50	178	565	12	4	4
Other adjustments	4 181	(1 737)	6 486	4 425	1 382	2 033
Changes in working capital						
(Increase) decrease in biological assets	(2 245)	(6 568)	(10 640)	2 570	6 169	(8 021)
(Increase) decrease in trade receivables and prepayments	(1 289)	3 468	(2 535)	(1 453)	(15 166)	(6 690)
(Increase) decrease in inventory	(7 567)	(6 675)	(3 918)	(2 111)	(6 084)	(5 048)
(Decrease) increase in trade and other payables	1 723	5 908	(739)	(3 244)	13 284	11 522
	2 703	6 167	(9 739)	9 799	9 998	2 633
Interest paid, netto	(1 897)	(1 802)	(1 747)	(4 384)	(2 184)	(1 637)
Net cash flows from / (to) operating activities	806	4 365	(11 486)	5 415	7 814	996
Cash flows from / (to) investing activities						
Purchase of property, plant and equipment	(4 329)	(4 950)	(4 025)	(3 312)	(4 527)	(2 833)
Purchase of non-current intangible assets	(14)	(17)	(12)	-	-	-
Other investing activities	5 773	(1 585)	(1 999)	798	(1 112)	701
Net cash flows from / (to) investing activities	1 430	(6 552)	(6 036)	(2 433)	(5 639)	(2 182)
Cash flows from / (to) financing activities						
Loans repaid to banks	(19 101)	(5 921)	(18 450)	(11 899)	(2 575)	(2 741)
Borrowings received	17 352	12 130	21 199	3 730	5 739	3 730
Other borrowings obtained (paid)	(851)	(1 547)	4 000	(3 920)	-	440
Finance lease repayments	(2 054)	(3 504)	(5 135)	(7 953)	(2 091)	
Other	-	-	17 569	18 523	(3 553)	-
Net cash flows from / (to) financing activities	(4 654)	1 158	19 183	(1 519)	(2 480)	(285)
Net (decrease) / increase in cash and cash equivalents	(2 418)	(1 030)	1 661	1 453	(305)	(1 471)
Cash and cash equivalents at the beginning of the period	4 068	1 650	620	2 281	3 732	2 281
Cash and cash equivalents at the end of the period	1 650	620	2 281	3 732	3 428	808

MORE INFORMATION



- Nasdaq Vilnius, Baltic Main List: [AUG1L](#)
- Nasdaq Vilnius, Green Bonds: [AUGB060024A](#)
- Official website: www.auga.lt
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