



PRESENTATION OF AUGA GROUP, AB

ORGANIC FOOD WITH NO COST TO NATURE

Updated: June 2021

MAIN FACTS ABOUT AUGA GROUP



More than **1 270** employees

39,6 thous. ha of arable land

EUR 83 million revenue, of which **73%** 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

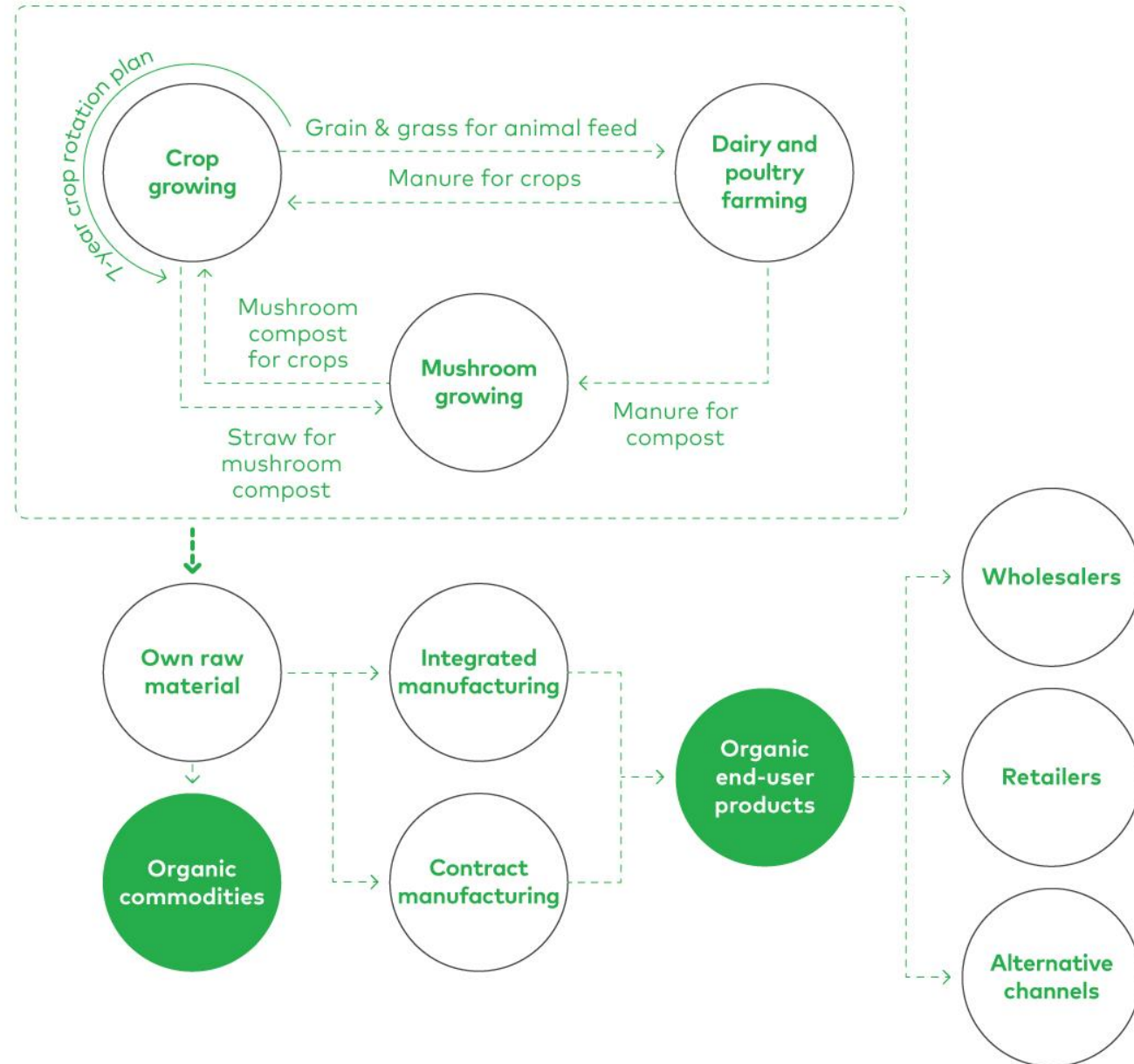
Arable land area increases to 39 000 ha



SUSTAINABLE BUSINESS MODEL

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

The vertically integrated production chain ensures full traceability of production.

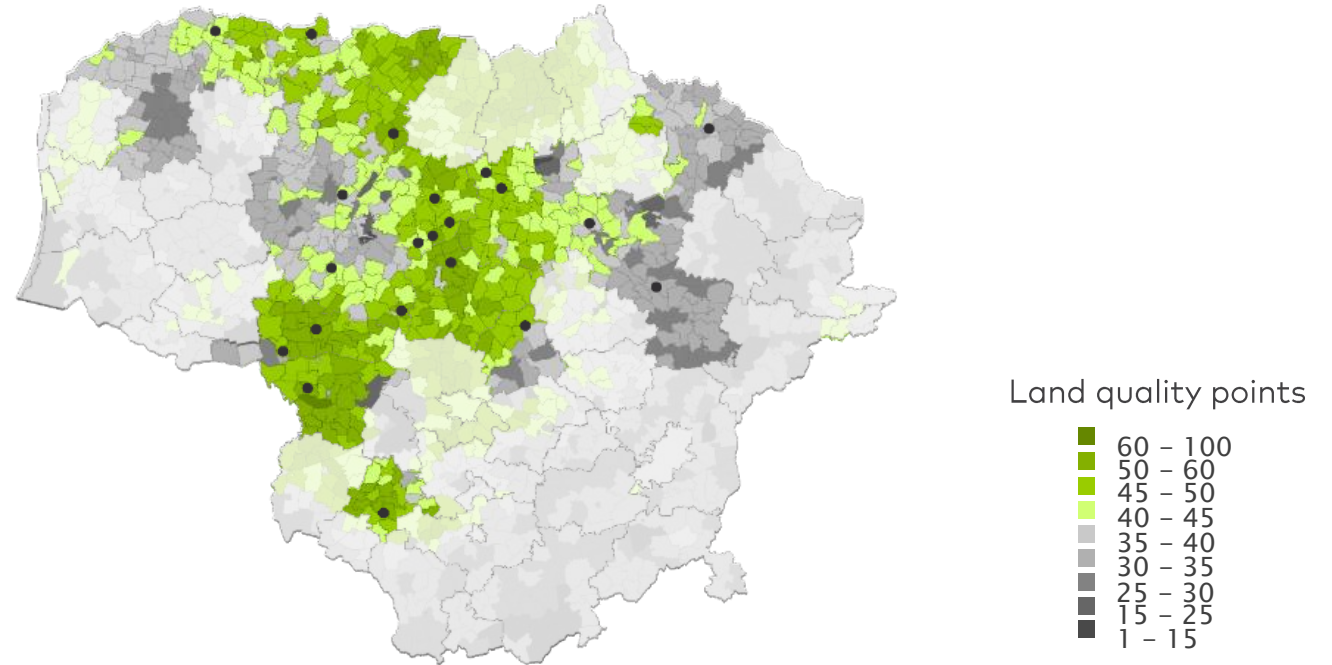


OPERATIONAL ASSETS

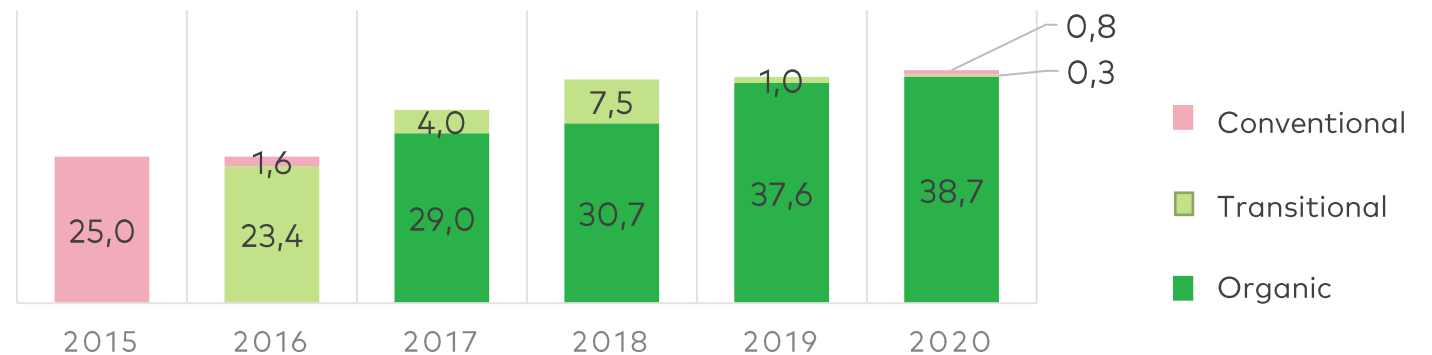
AUGA group gains efficiency of returns through leasing of land (9.3%) rather than low returns as an owner, operating in the most fertile areas of Lithuania.

Today the group of companies manages approx. 39 600 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

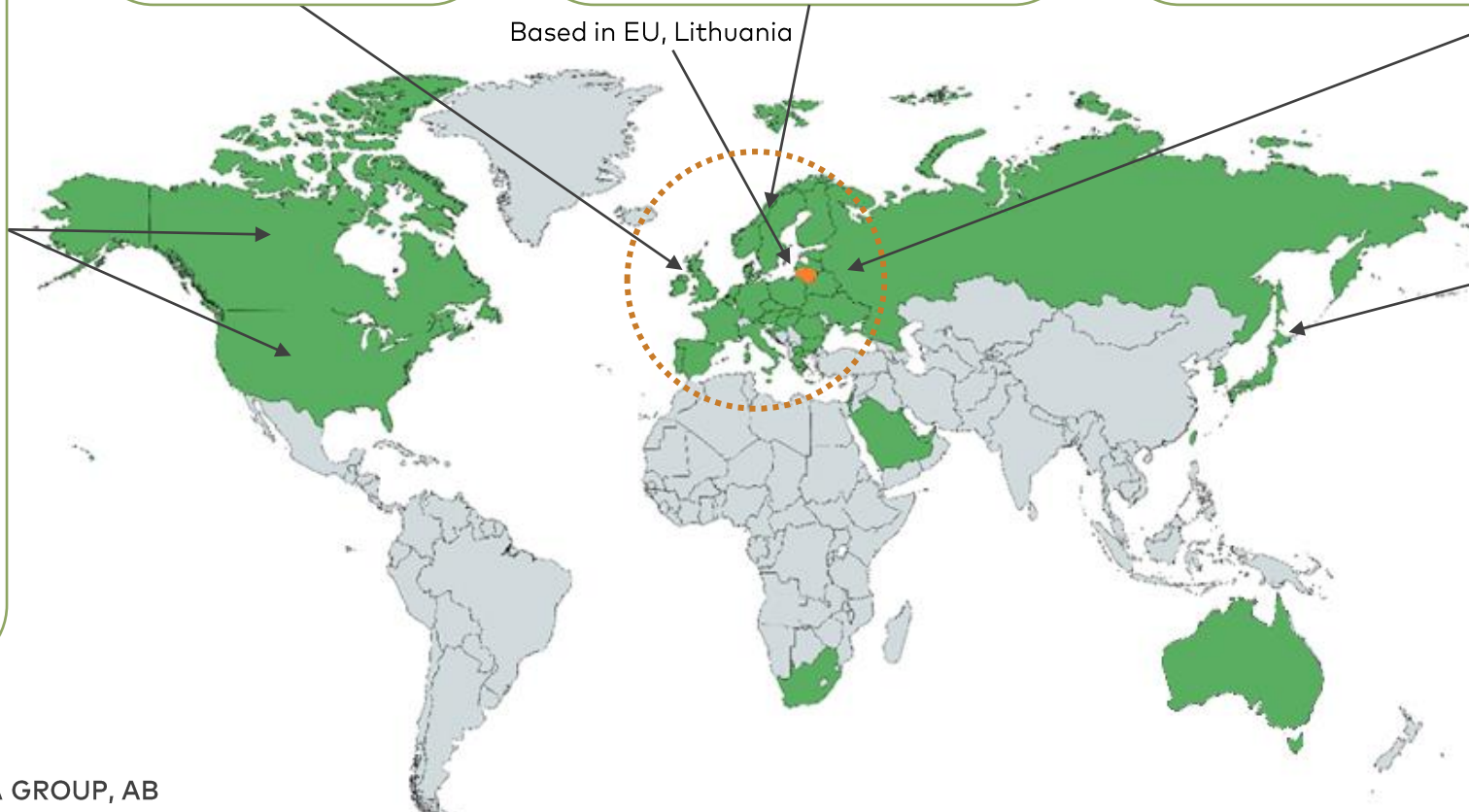
COSTCO
 WHOLESALE
 CANADA
 unfi
 united natural foods
Giant
COSTCO
 WHOLESALE
STOP&SHOP
WHOLE
FOODS
 MARKET

ASDA
 ocado
TREE OF LIFE
 Making health easy

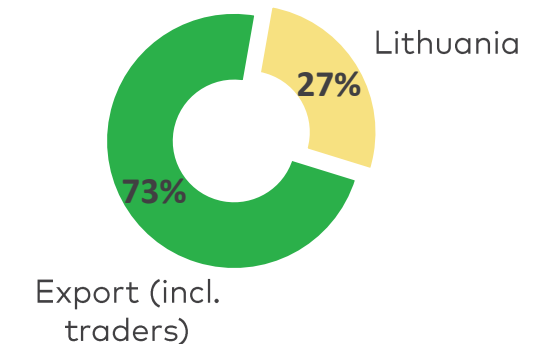
coop
 midsona
ICA **Axfood**

Bonduelle
 Carrefour
LIDL
 Ahold
 Delhaize
Auchan

AEON
IKEA



Sales revenue 2020



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.

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

AUGA group's team of more than 1 270 employees brings together agricultural professionals and technical engineers with many years of experience, alongside experts in finance, marketing, and other fields.



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



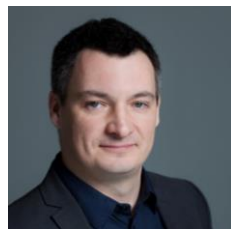
Armandas Šimulis,
Head of Asset
Management department



Gediminas Judzentas,
Marketing and
sustainability 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 new independent Board, formed in 2021, 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

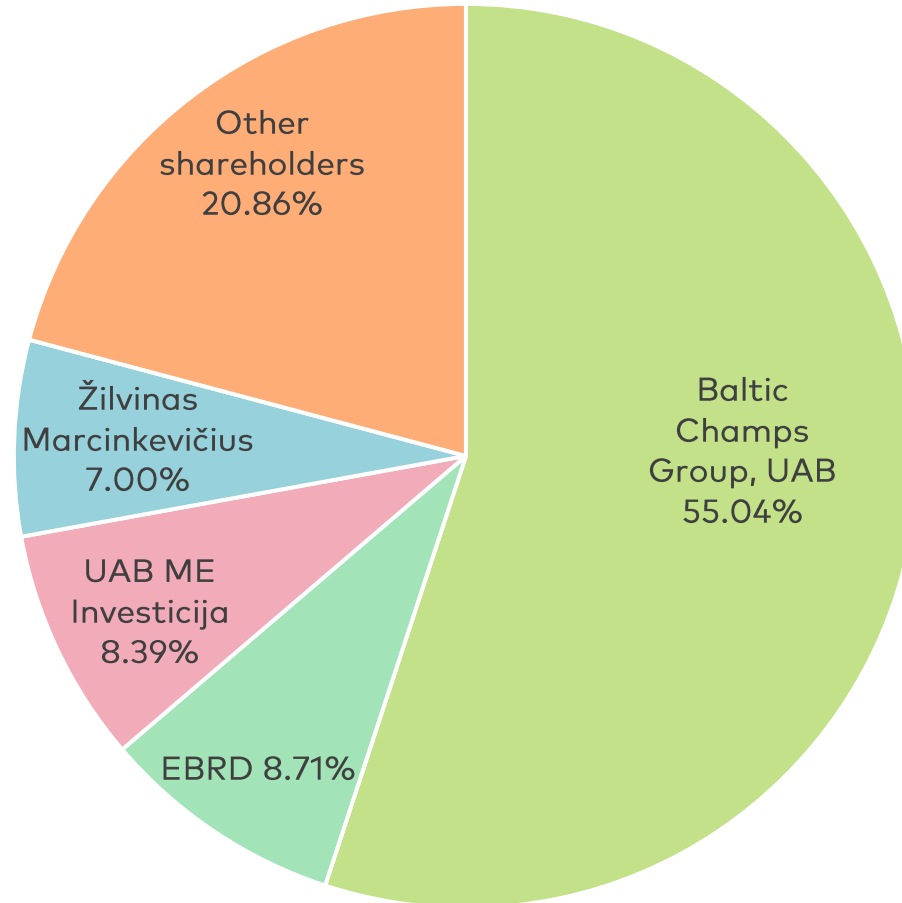
The Company's shares are listed on the Nasdaq Baltic Main List.

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

1 922 shareholders* (increased by 35.7% over the year)



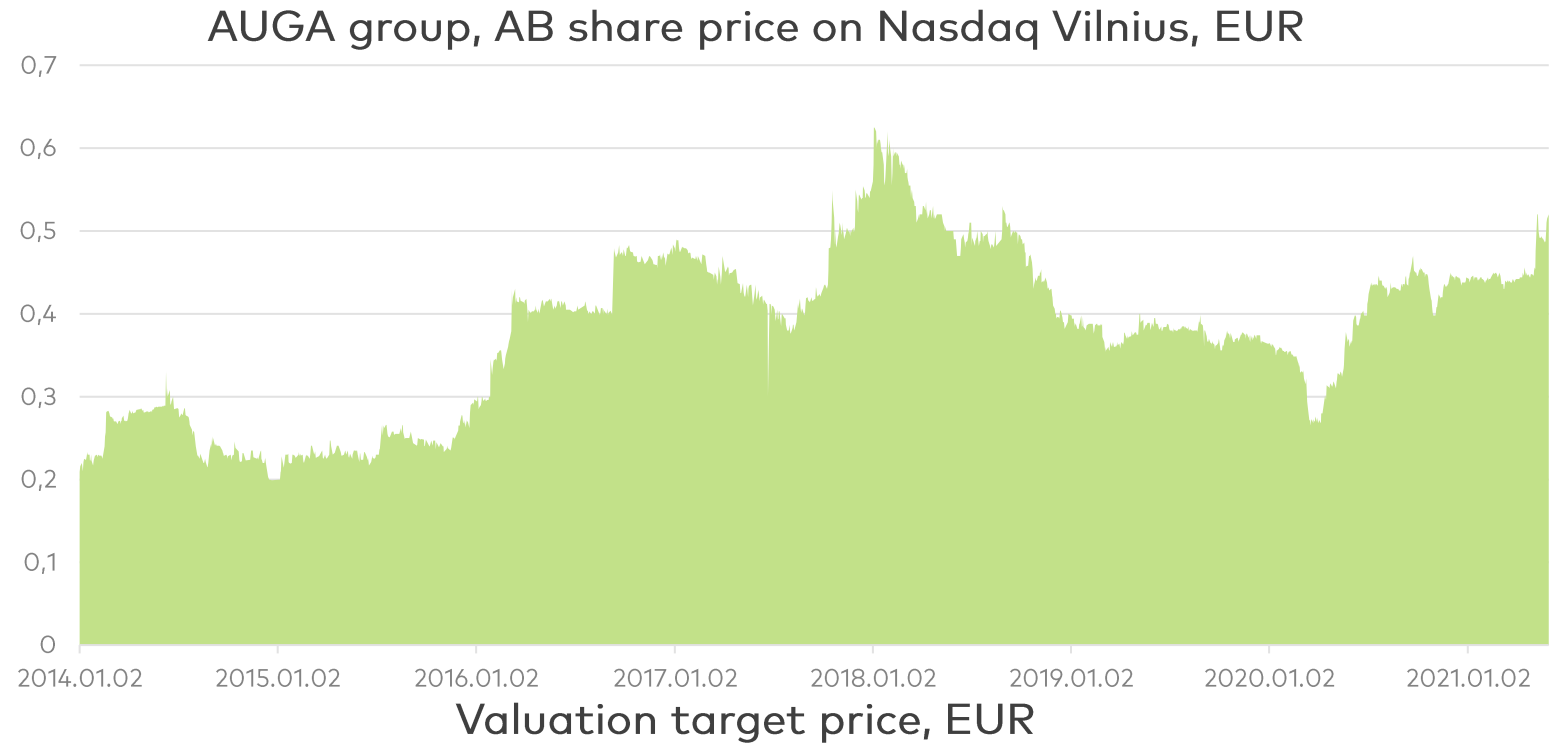
* Number of shareholders and foreign intermediaries on whose behalf the shares managed by their clients are accounted for in 2021 March 31

SHARE PRICE INFORMATION

The share price increased by 17.65% (from EUR 0.442 to EUR 0.520 per share) from the beginning of 2021 to 31 May 2021.

The average monthly turnover was EUR 0.35 million.

No 1 corporate bond turnover in Baltics. (Turnover during 2021 (until 31 May 2021) - 2.24 MEUR)



0.66*



0.45-0.55



0.64

* - Base case scenario

LATEST FINANCIAL RESULTS



AUGA group improved revenue in all business segments in 2020 and continues to grow in 2021.

EUR million	2018*	2019	2020	3M2021	3M2020
Revenue	54.75	71.13	83.07	19.48	17.04
Gross profit	3.66	9.85	15.77	4.51	3.74
EBT	(6.46)	(3.99)	1.35	0.67	0.18
EBITDA	3.55	17.12	20.83	5.74	4.95

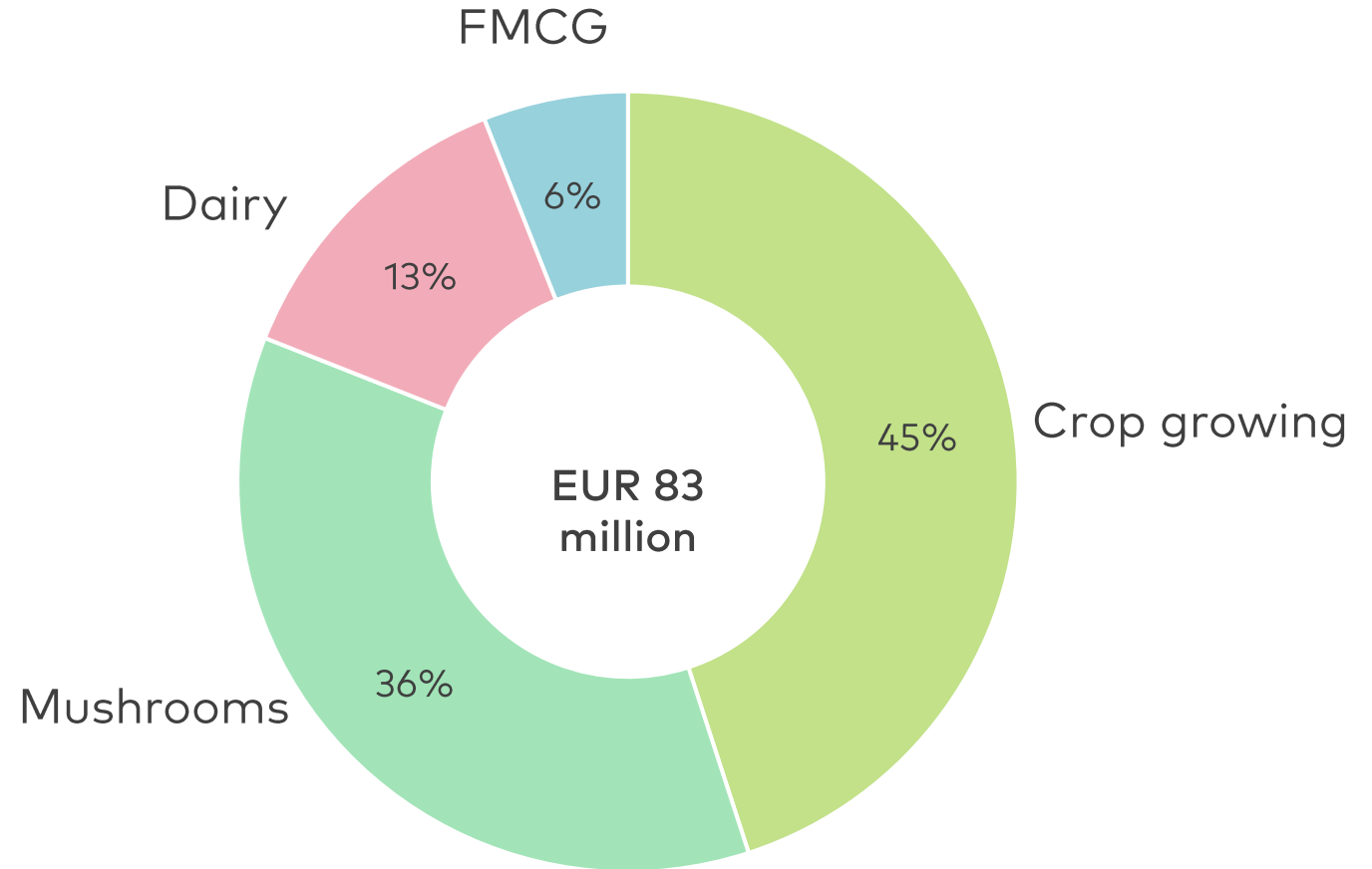
* - IFRS16 effect is not included



REVENUE DISTRIBUTION IN 2020

The biggest business segments of AUGA group are 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



	2018	2019	2020	3M 2021	3M 2020
CROP GROWING					
Sales revenue, EUR million	17.48	29.49	37.38	7.53	5.36
Gross profit, EUR million	2.16	7.98	12.94	3.43	2.96
DAIRY					
Quantity of products sold, th tonnes	23.39	25.22	26.08	6.57	6.96
Revenue, EUR million	8.96	10.14	10.81	3.28	3.49
Gross profit, EUR million	(0.29)	(0.66)	0.33	0.21	0.09
MUSHROOM GROWING					
Quantity of products sold, th tonnes	12.15	12.26	12.91	3.18	3.29
Mushroom sales revenue, EUR million	23.88	26.32	28.38	7.14	6.72
Compost sales revenue, EUR million	2.58	2.39	1.62	0.12	0.56
Gross profit, EUR million	1.73	2.49	1.75	0.50	0.62
END-CONSUMER PRODUCTS (FMCG)					
Revenue, EUR million	1.86	2.80	4.88	1.42	0.91
Gross profit, EUR million	0.07	0.05	0.75	0.38	0.06



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.

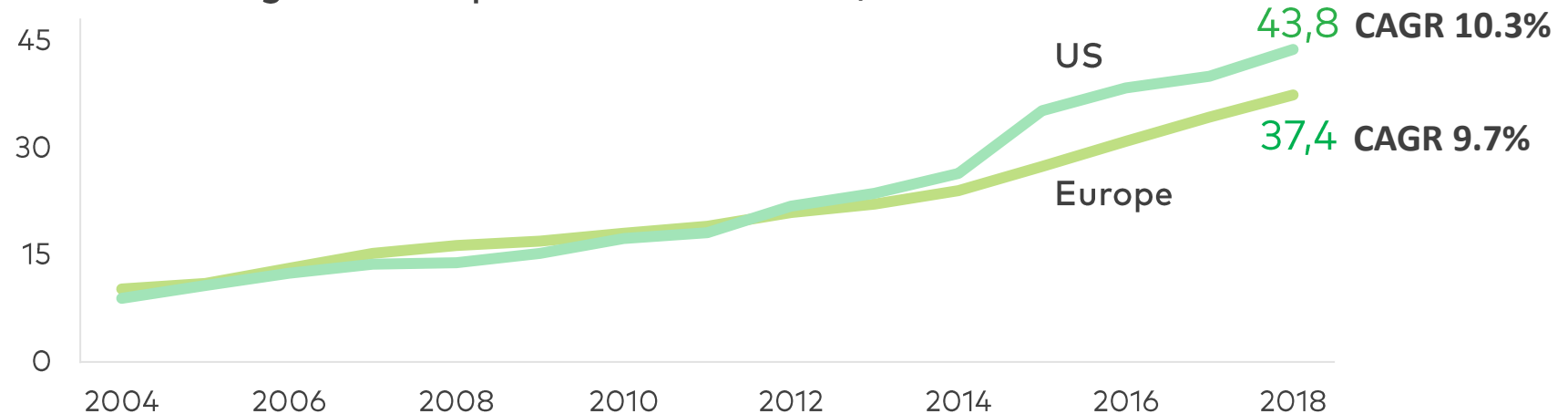
Country	Market size, EUR bn	Growth 2018/19
Germany	12.0	+9.7%
France	9.7	+15.4%*
Italy	4.2	+16.0%
UK	2.8	+4.5%
Switzerland	2.7	+13.3%*
Denmark	1.8	+12.9%*

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.

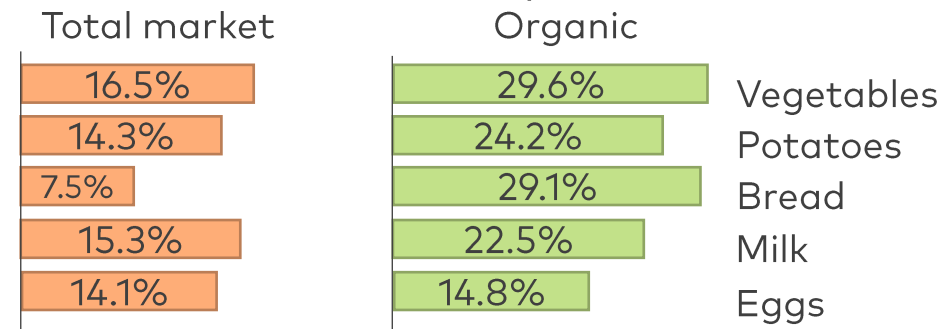
According to market research conducted in Germany¹ and France² in 2020, the consumption of organic products grew faster than conventional consumption in many categories.

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



75% say they would change their consumption habits to reduce their environmental impact.¹



71% say that sustainability criteria influence their purchasing habits.²



79% state they changed or plan to change their product choices following sustainability criteria³.

But only **36%** of business representatives believe that consumers are doing this.

Sources: ¹<https://www.nielsen.com/us/en/insights/article/2018/was-2018-the-year-of-the-influential-sustainable-consumer/>
²SB INSIGHT AB, 2020. Representative survey of 1200 respondents in Baltic countries. ³How sustainability is fundamentally changing consumer preferences 2020, Capgemini



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 2020, the Company took 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

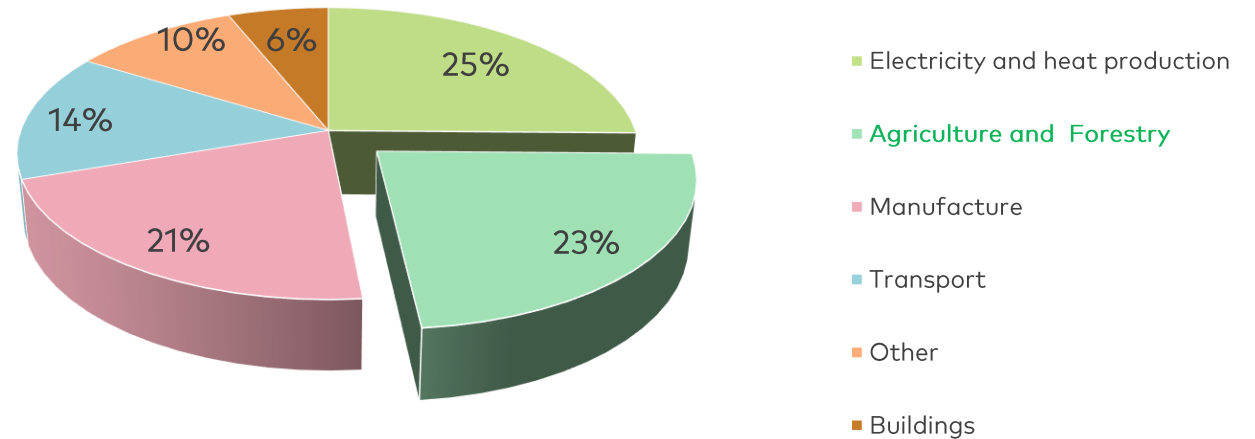


Globally, agriculture accounts for about **23%** of total GHG emissions.¹

Organic farms face the efficiency and sustainability challenges.

The current farming models 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

Main technological projects:

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

This will address the **> 90%** emissions generated by AUGA activities.



CO2 REDUCTION GOALS BY 2025

50%

less emissions from fossil fuel use on farms which is replaced by biomethane.

50%

less emissions per one tonne of cow's milk, using specialized feed technology.

30%

less emissions from agricultural dry matter yield per tonne, using the perennial legume crop rotation method.

Reduce total emissions **27%**.



MAIN TECHNOLOGICAL PROJECTS



BIOGAS AGRICULTURAL MACHINERY

The first operational tests are planned in July. The fields tests will be organized by the end of 2021.



SPECIALIZED FEED TECHNOLOGY

The first tests of animal feed technology are planned in Q3, 2021.



BIOMETHANE CYCLE

Production of biomethane from organic waste and its use in agricultural vehicles and primary production are planned in 2022.

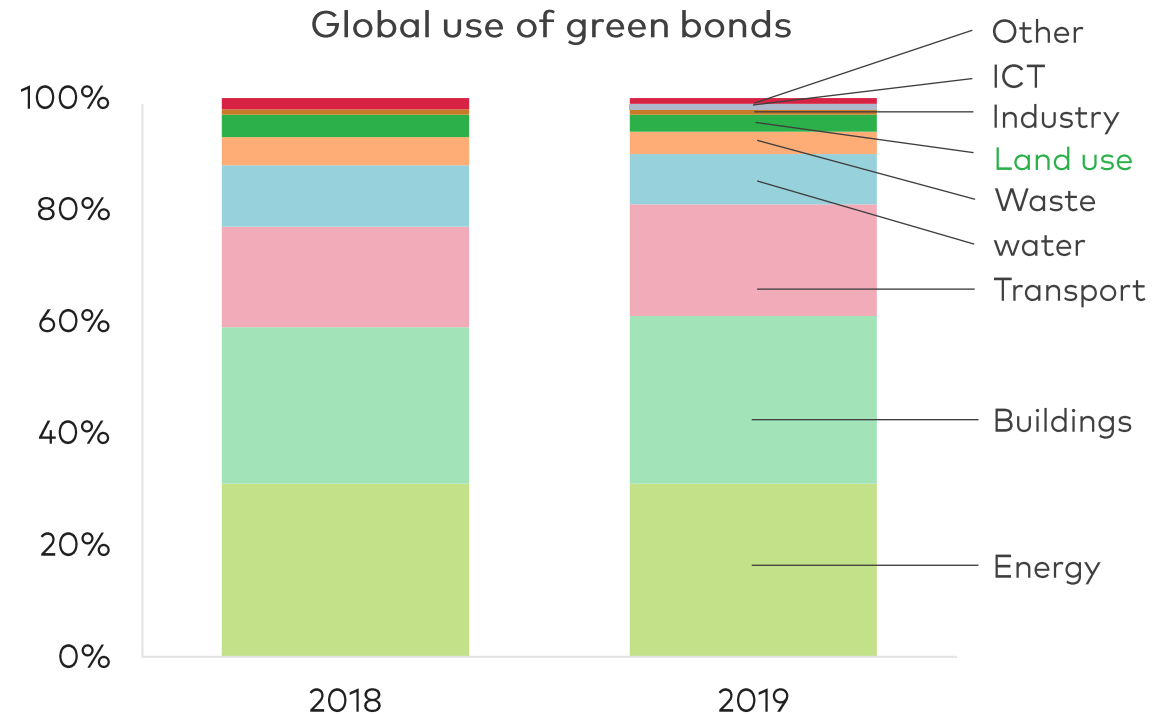
SUSTAINABLE FINANCING

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

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 on a wooden desk. In the foreground, there is a stack of two spiral-bound notebooks, one black and one white. A black pen lies on a white sheet of paper in front of the notebooks. The scene is lit with soft, natural light from a window in the background.

ANNEX: FINANCIAL DATA SHEETS

INCOME STATEMENT

EUR'000	2018	2019	2020	2021 3M	2020 3M
	Audited			Unaudited	
Revenues	54,749	71,134	83,073	19,483	17,038
Cost of sales	(45,824)	(64,369)	(72,475)	(16,019)	(13,874)
Gain (loss) on changes in fair value of biological assets	(5,262)	3,082	5,175	1,043	571
Gross profit	3,663	9,847	15,773	4,507	3,735
Operating expenses	(10,354)	(9,582)	(10,227)	(2,526)	(2,246)
Other income	2,753	744	1,350	121	126
Operating profit	(3,938)	1,009	6,896	2,102	1,615
Finance costs	(2,295)	(5,000)	(5,547)	(1,435)	(1,439)
Profit (loss) before income tax	(6,462)	(3,991)	1,350	668	176
Income tax expense	482	773	442	-	-
Net profit (loss) for the period	(5,980)	(3,218)	1,792	668	176
EBITDA*	3,546	17,119	20,834	5,735	4,948

*EBITDA is disclosed including IFRS16 effect. IFRS 16 adopted from 1 January 2019.

BALANCE SHEET



EUR'000	2 018	2019	2020	2021 3M
ASSETS		Audited		Unaudited
Non-current assets				
Property plant and equipment	92,891	91,897	97,009	97,426
Right-of-use assets	-	36,211	35,543	34,022
Biological assets	9,128	9,397	9,699	10,092
Other non-current assets	9,919	7,171	5,339	5,335
Total non-current assets	111,938	144,676	147,590	146,875
Current assets				
Biological assets	14,390	16,035	17,052	23,321
Inventory	28,708	28,958	30,435	23,404
Trade receivables, advance payments and other receivables	14,573	13,322	16,084	19,903
Cash and cash equivalents	2,281	3,732	2,541	2,582
Assets held for sale	-	-	-	-
Total current assets	59,952	62,047	66,112	69,210
TOTAL ASSETS	171,890	206,723	213,702	216,085
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	65,951	65,951	65,951	65,951
Share premium	6,707	6,707	6,707	6,707
Reserves	9,761	11,946	13,556	13,556
Currency exchange differences	-	-	-	-
Retained earnings (accumulated deficit)	8,937	5,102	6,237	7,014
Non-controlling interest	359	369	366	355
Total equity	91,715	90,075	92,816	93,583
Non-current liabilities				
Borrowings	13,829	20,670	40,494	46,475
Obligations under lease	7,889	5,302	3,663	4,227
Obligations under lease, related with the right-of-use assets	-	30,847	30,019	29,653
Deferred grant income	3,433	2,992	3,248	3,347
Deferred tax liability	883	1,509	1,483	1,483
Total non-current liabilities	26,034	61,321	78,907	85,185
Current liabilities				
Current portion of non-current borrowings	9,256	10,819	3,409	2,662
Current portion of lease liabilities	3,618	2,942	2,949	2,161
Current portion of lease liabilities, related with the right-of-use assets	-	4,113	4,607	3,730
Current borrowings	21,270	19,300	9,400	6,850
Trade payables	14,681	13,433	16,335	16,321
Other payables and current liabilities	5,316	4,721	5,279	5,593
Liabilities related with assets held for sale	-	-	-	-
Total current liabilities	54,141	55,327	41,979	37,317
Total liabilities	80,175	116,648	120,886	122,502
TOTAL EQUITY AND LIABILITIES	171,890	206,723	213,702	216,085

CASHFLOW STATEMENT



EUR'000	2018	2019	2020	2021 3M	2020 3M
Cash flows from / (to) operating activities	Audited			Unaudited	
Net profit (loss) before income tax	(6,462)	(3,992)	1,350	668	176
Adjustments for non-cash expense (income) items and other adjustments					
Depreciation expense	7,504	7,286	7,279	1,820	1,829
Depreciation expense (IFRS16)	-	5,492	5,995	1,522	1,444
Amortisation expense	565	12	11	3	4
Other adjustments	6,486	4,425	1,024	679	924
Changes in working capital					
(Increase) decrease in biological assets	(10,640)	2,570	3,856	(6,544)	(6,530)
(Increase) decrease in trade receivables and prepayments	(2,535)	(1,453)	(784)	(3,833)	(4,346)
(Increase) decrease in inventory	(3,918)	(2,111)	(2,425)	6,728	4,354
(Decrease) increase in trade and other payables	(739)	(3,244)	1,912	(771)	390
	(9,739)	9,799	18,218	272	(1,754)
Interest paid, netto	(1,747)	(4,384)	(4,846)	(527)	(415)
Net cash flows from / (to) operating activities	(11,486)	5,415	13,373	(255)	(2,169)
Cash flows from / (to) investing activities					
Purchase of property, plant and equipment	(4,025)	(3,241)	(6,636)	(1,674)	(953)
Purchase of non-current intangible assets	(12)	-	(9)	-	-
Other investing activities	(1,999)	798	(582)	244	12
Net cash flows from / (to) investing activities	(6,036)	(2,443)	(7,227)	(1,430)	(941)
Cash flows from / (to) financing activities					
Loans repaid to banks	(18,450)	(11,899)	(32,410)	(3,460)	(920)
Borrowings received	21,199	3,730	36,681	6,087	2,000
Other borrowings obtained (paid)	4,000	(3,920)	(3,588)	-	(214)
Finance lease repayments	(5,135)	(7,953)	(8,022)	(901)	(587)
Other	17,569	18,523	-	-	-
Net cash flows from / (to) financing activities	19,183	(1,519)	(7,339)	1,726	279
Net (decrease) / increase in cash and cash equivalents	1,661	1,453	(1,192)	42	(2,831)
Cash and cash equivalents at the beginning of the period	620	2,281	3,732	2,541	3,732
Cash and cash equivalents at the end of the period	2,281	3,732	2,541	2,582	899

MORE INFORMATION



- Nasdaq Vilnius, Baltic Main List: [AUG1L](#)
- Nasdaq Vilnius, Green Bonds: [AUGB060024A](#)
- Official website: www.auga.lt
- Information for investors, data in MS Excel format: <https://auga.lt/en/investors/>
- Analyst reports: <https://auga.lt/en/investors/reports-and-presentations/#tabs>
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