

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, casting long shadows across the fields. The overall scene is captured from a high angle, emphasizing the geometric patterns of the agricultural landscape.

au
ga

AUGA group, AB
October, 2019

Europe's largest organic food
producer from field to shelf

COMPANY HIGHLIGHTS



AUGA group, AB, headquartered in Vilnius, Lithuania, unites 133 companies which undertake agricultural, food production and processing, supply chain and administrative activities in the following segments:

- ✔ Crop growing
- ✔ Dairy farming
- ✔ Mushroom growing
- ✔ End-consumer products



EXECUTIVE SUMMARY

Overview

- The largest vertically-integrated organic agriculture company in Europe.
- EUR 55 m revenue, 38 thousand ha of land.
- All processes controlled from seed to final product, developing and applying sustainable technologies in farming and food production.
- Listed on Nasdaq Vilnius and Warsaw Stock exchange (ticker: AUG1L).



Key strengths

- Large scale organic supply from one source with full traceability.
- Wide range of organic commodities and end-consumer products.
- Management of the whole value chain.
- Certified: EU Organic, USDA, BRC, Kosher, Global GAP.



Strategy

- Focus on only organic and sustainable food production.
- Achieving efficiency by utilising scale of operations, synergies among different agricultural sectors and applying the latest scientific knowledge to improve all production processes.
- Growing share of high value-added end-consumer products using proprietary and contracted manufacturing, with full process control from field to shelf.



TRANSFORMATION MILESTONES



| | | | | | |
|-------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------|
| <p>Merger of Agrowill Group and Baltic Champs</p> | <p>Start of organic farming</p> | <p>2nd transition year New company name AUGA group</p> | <p>Fully certified organic farming</p> <p>Acquisition of KTG Agrar</p> | <p>Successful SPO on NASDAQ</p> <p>Acquisition of Raseiniu Agra</p> | <p>New management model</p> |
| <p>New era begins for the company, new main shareholder</p> | <p>Launch of organic mushrooms</p> | <p>Launch of organic packaged vegetables</p> | <p>Launch of organic soups, milk and grain products</p> | <p>Sales growth of branded end-consumer products</p> | <p>Expansion of product range and export markets</p> |

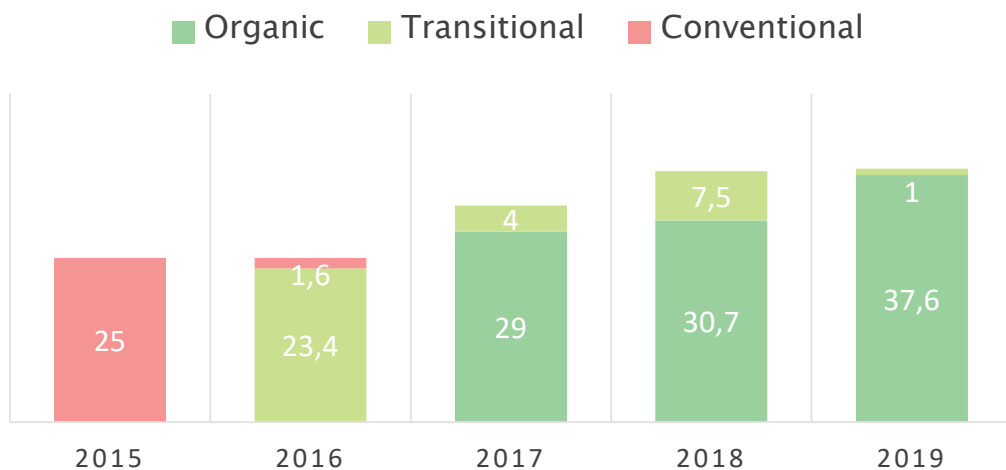


OPERATIONAL ASSETS

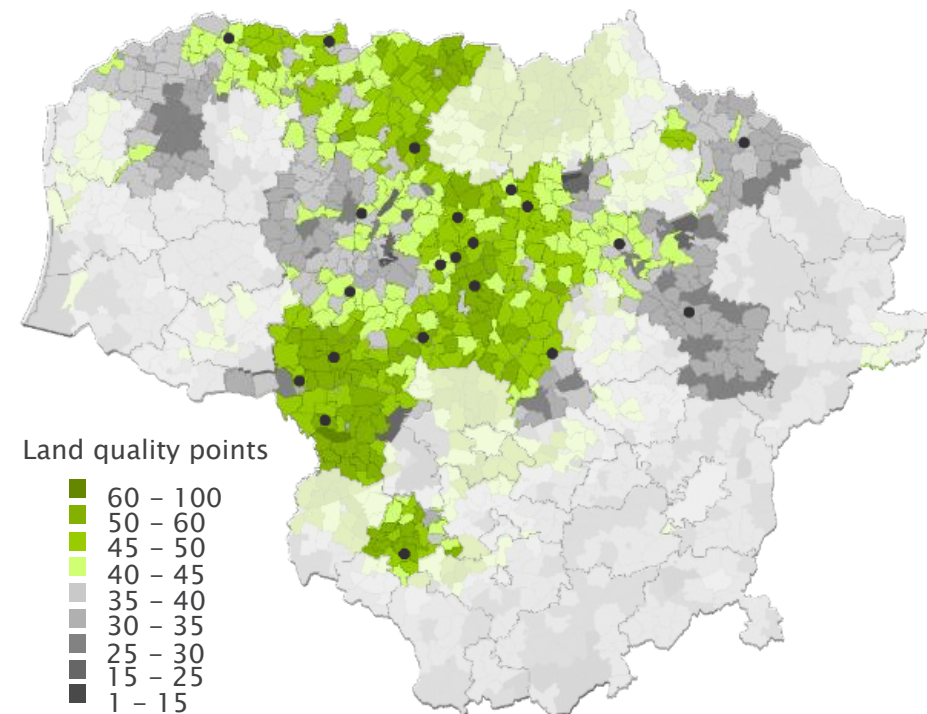
AUGA group gains efficiency of returns through leasing of land rather than low returns as an owner, operating in the most fertile areas of Lithuania.

- Currently, 8.4% of cultivated land is owned, the rest is managed on the basis of long-term lease agreements.

Managed land, ha

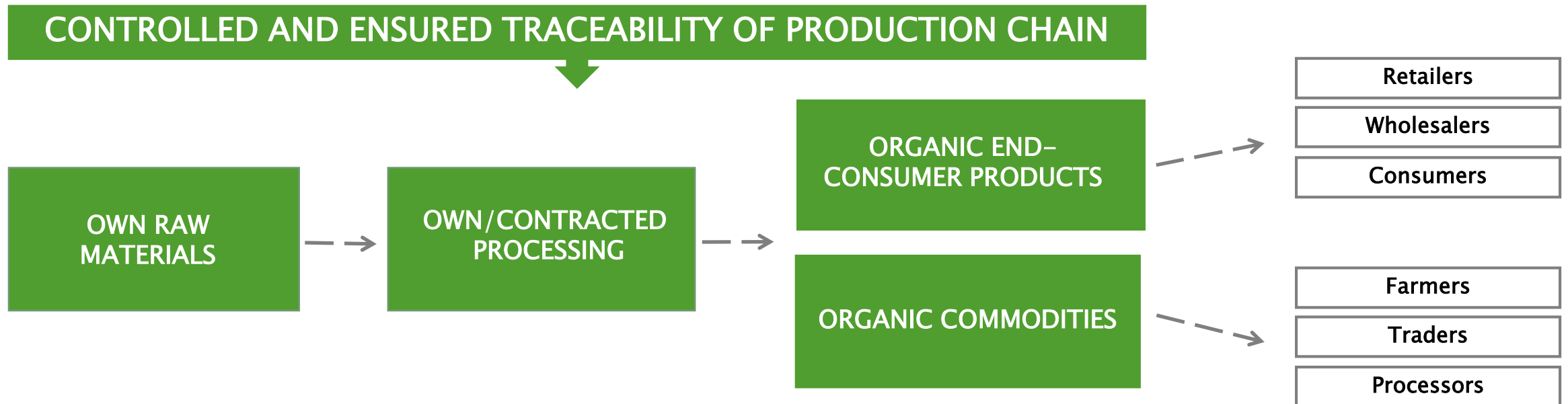


Location of AUGA farms and land quality in Lithuania



SHORT SUPPLY CHAIN

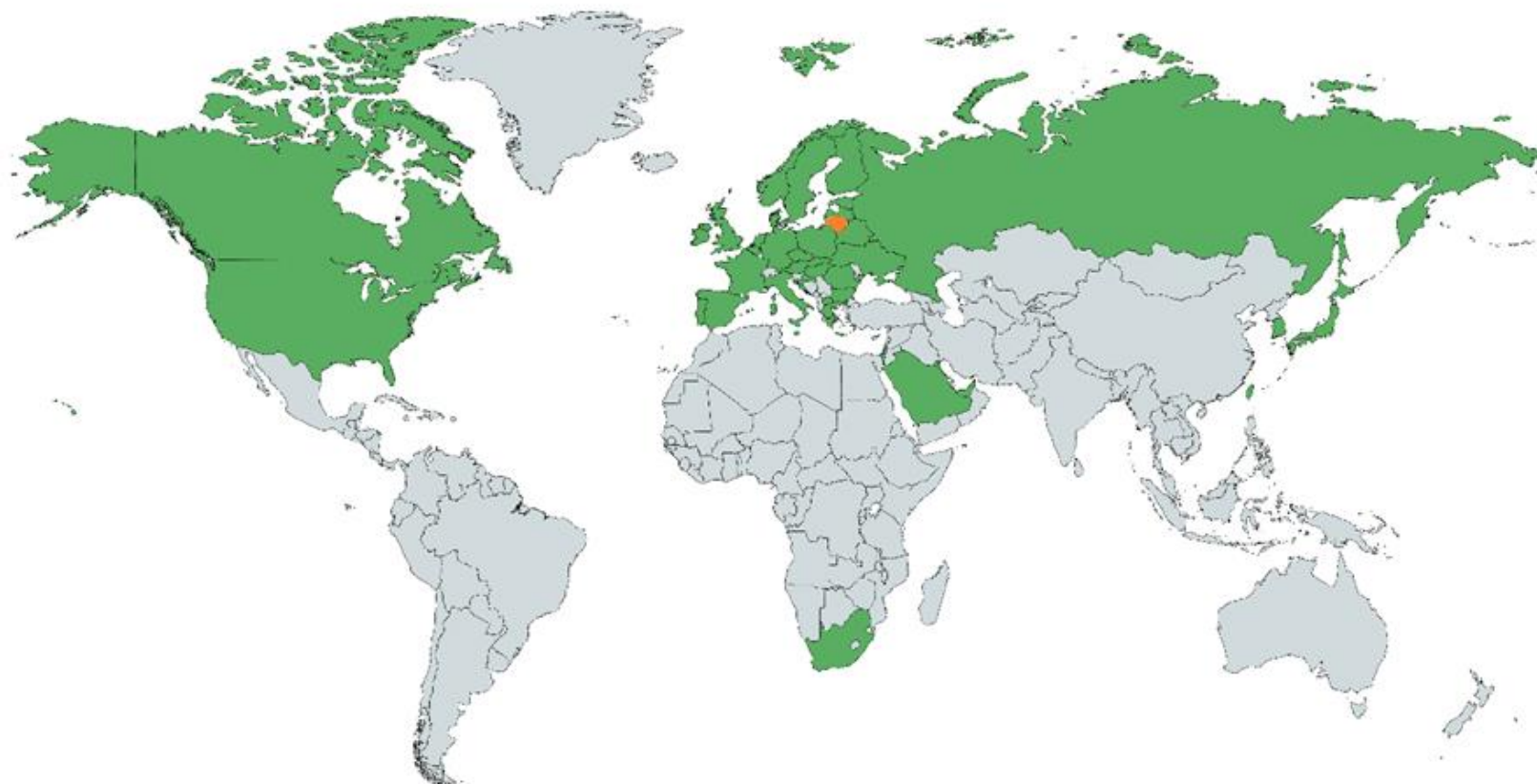
The group's ability to accumulate large volume of organic commodities allows to employ in-house and contract manufacturing model for various products to ensure traceability and to control the whole value chain from field to shelf.



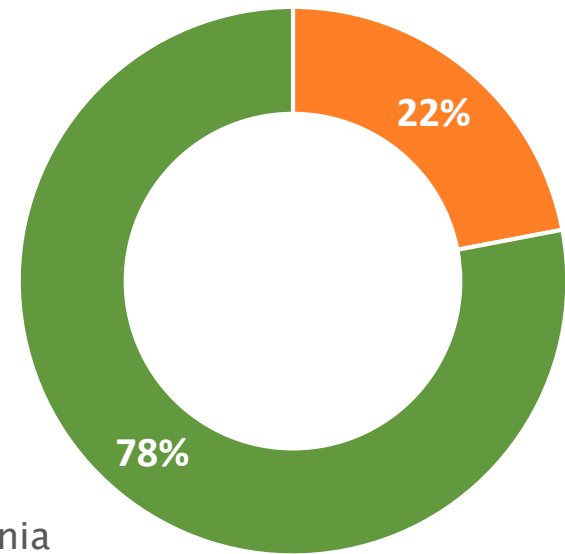
AUGA GROUP'S EXPORT MARKETS



Contracts with major retail chains:



2018 sales geography



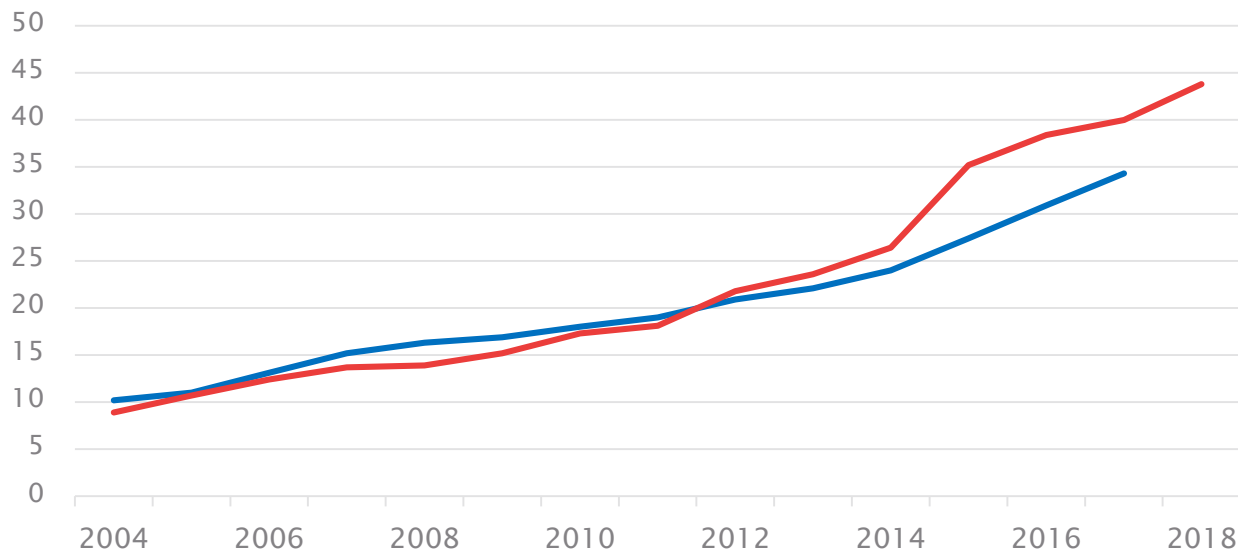
■ Lithuania
■ Export (incl. traders)

ORGANIC WORLD

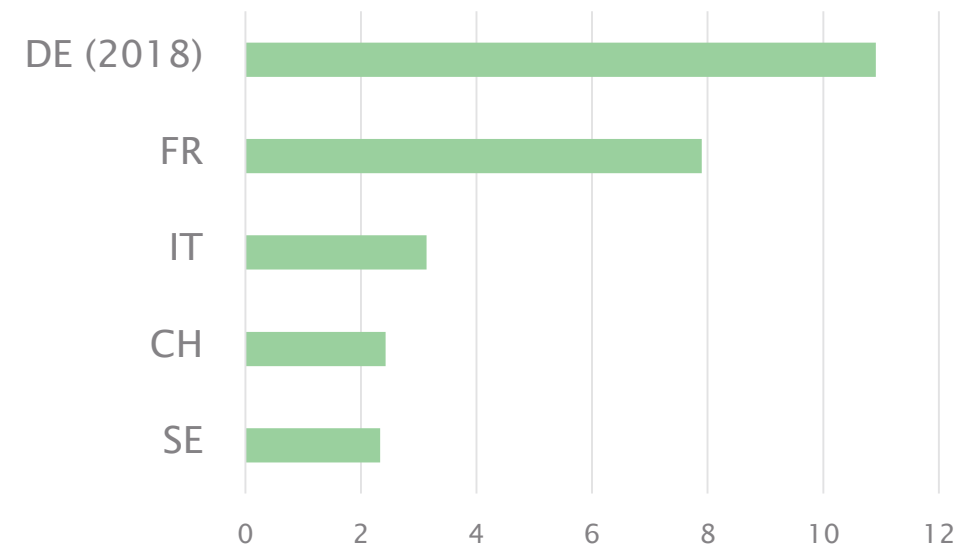
In 10 years consumers have more than tripled their consumption of organic products and demand continues to grow.

- ✔ CAGR of organic food market in the EU was 9.8% from 2004 to 2017, in USA 11.2% from 2004 to 2018.
- ✔ In 2017, global organic sales reached EUR 92 bn (EUR 37.3 bn in Europe, EUR 43.3 bn in USA).
- ✔ Most European markets continued double-digit growth in 2017: France (18.0%), Denmark (14.0%), Spain (16.4%), Austria (11.7%).

Organic food products retail sales, EUR bn



By country in 2017, EUR bn

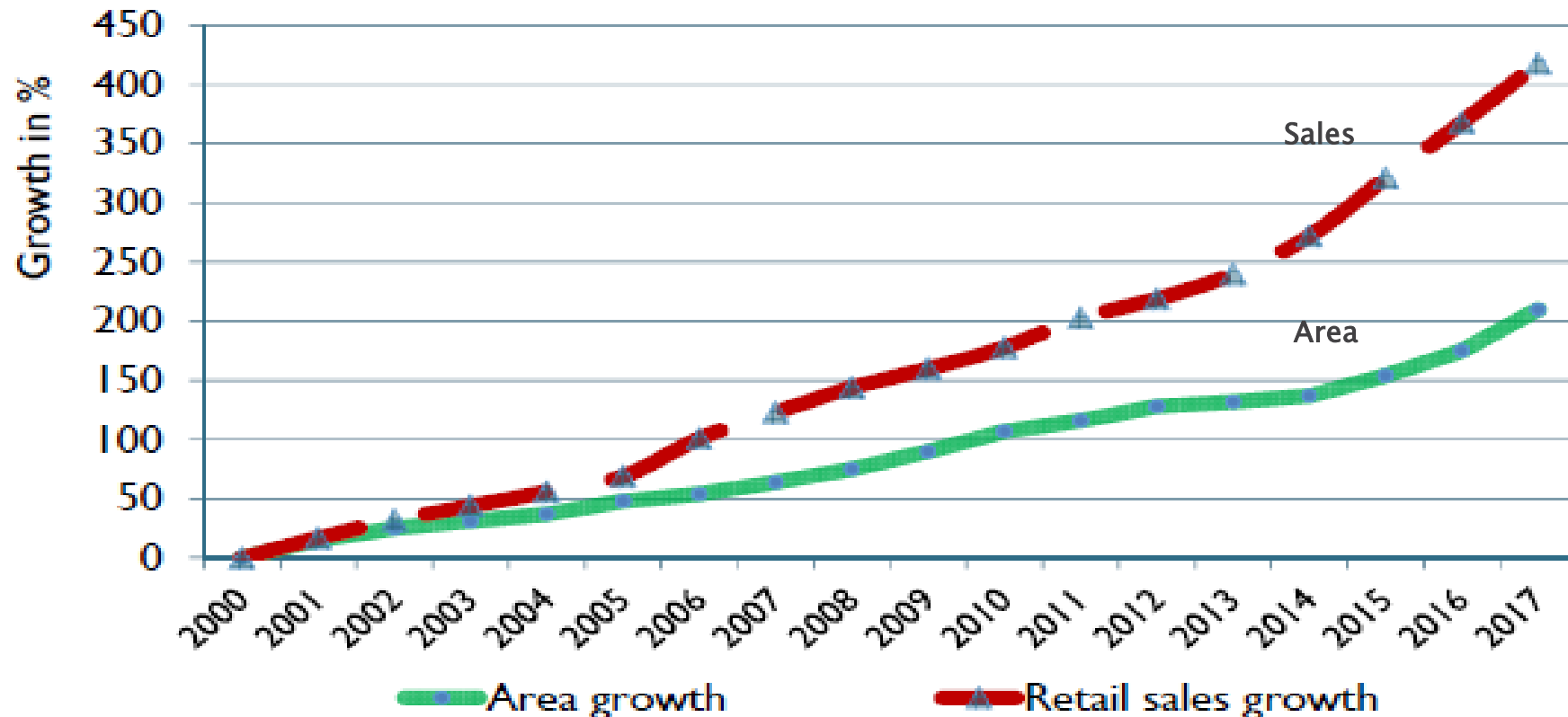


ORGANIC RETAIL SALES VS. FARMLAND IN EUROPE

Retail sales of organic products grow faster than their supply capacity (farmland).

- ✓ In 2017, European organic farmland area increased by 14.7%, while sales grew by 11.7%.

Organic certified land area and retail sales in Europe



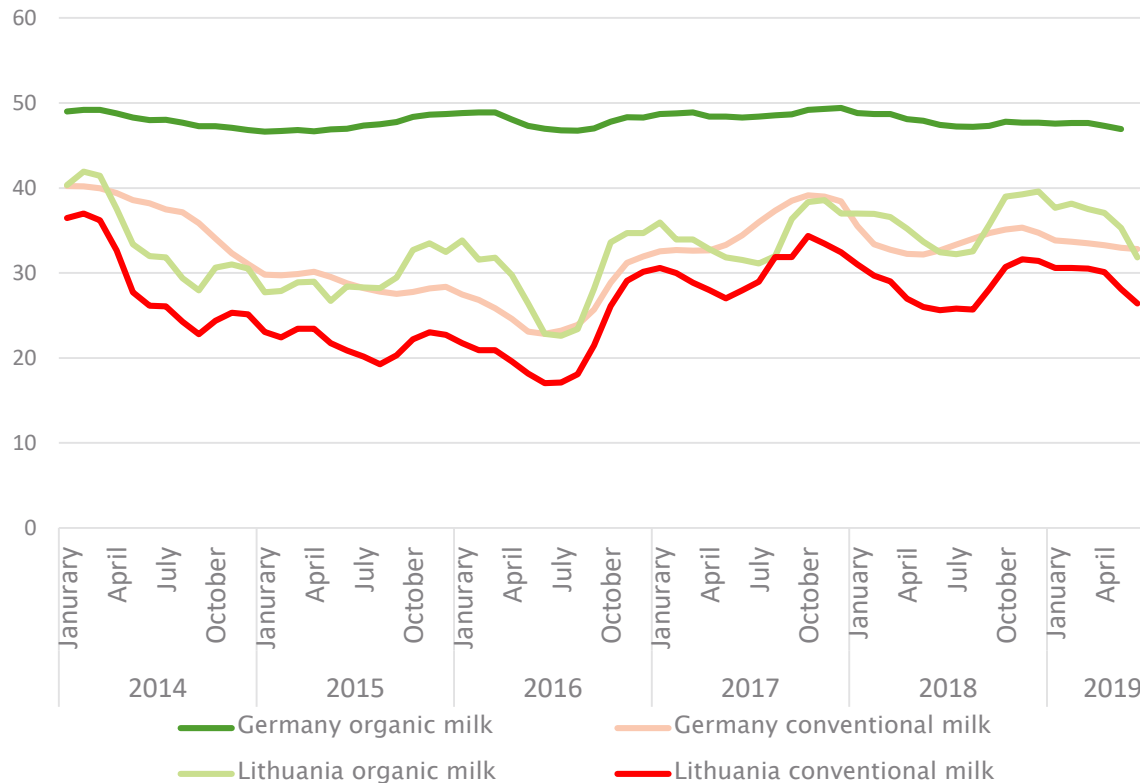
ORGANIC VS. CONVENTIONAL PRICES



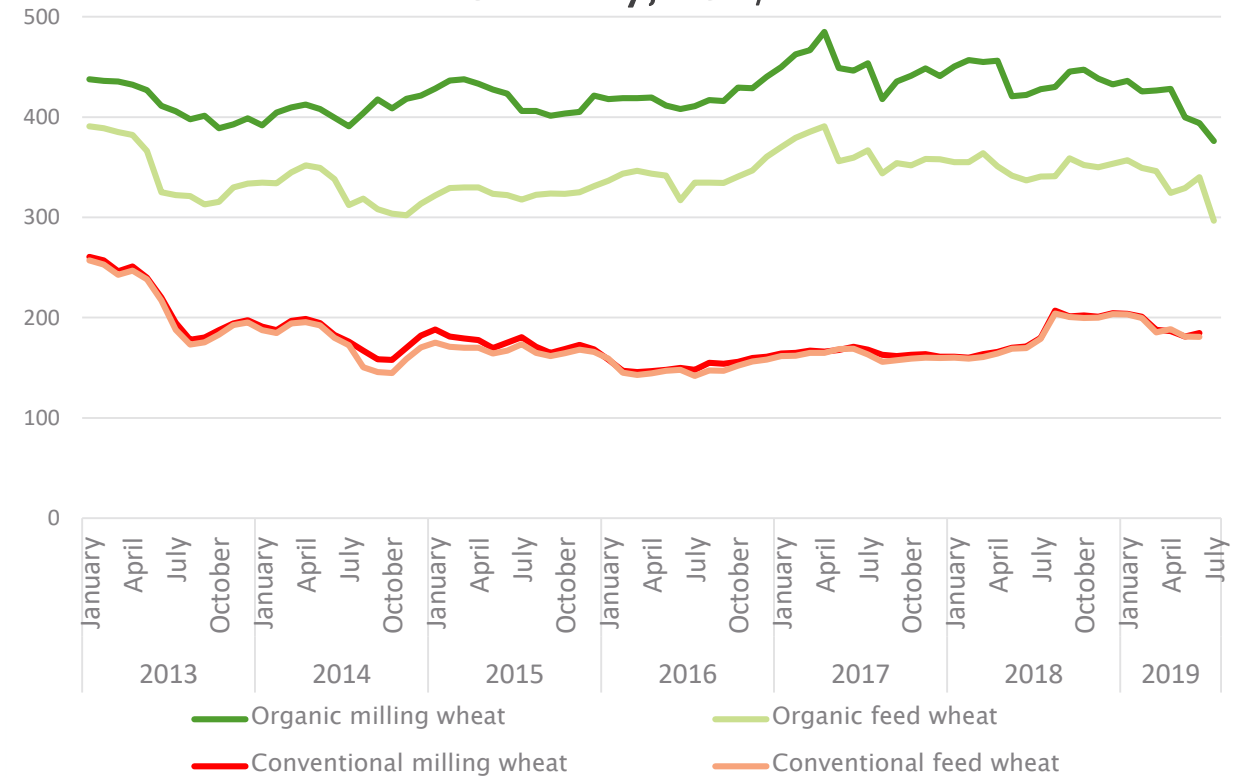
Prices of organic products are twice as high and less volatile compared to conventional.

- Germany, the largest EU market, is a benchmark for major organic products prices.

Organic vs Conventional raw milk price in Lithuania and Germany, EUR/t



Organic vs Conventional wheat price in Germany, EUR/t



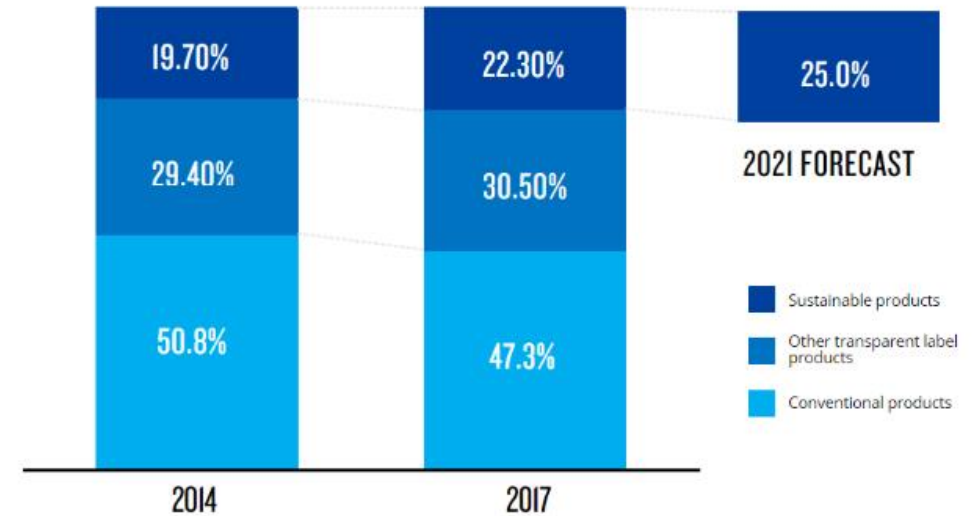
SUSTAINABILITY TREND: MORE THAN ORGANIC



Sustainable products* sales in the U.S.



Sustainable products share of sales



*Sustainable products include free from, clean, simple, sustainable and organic labels

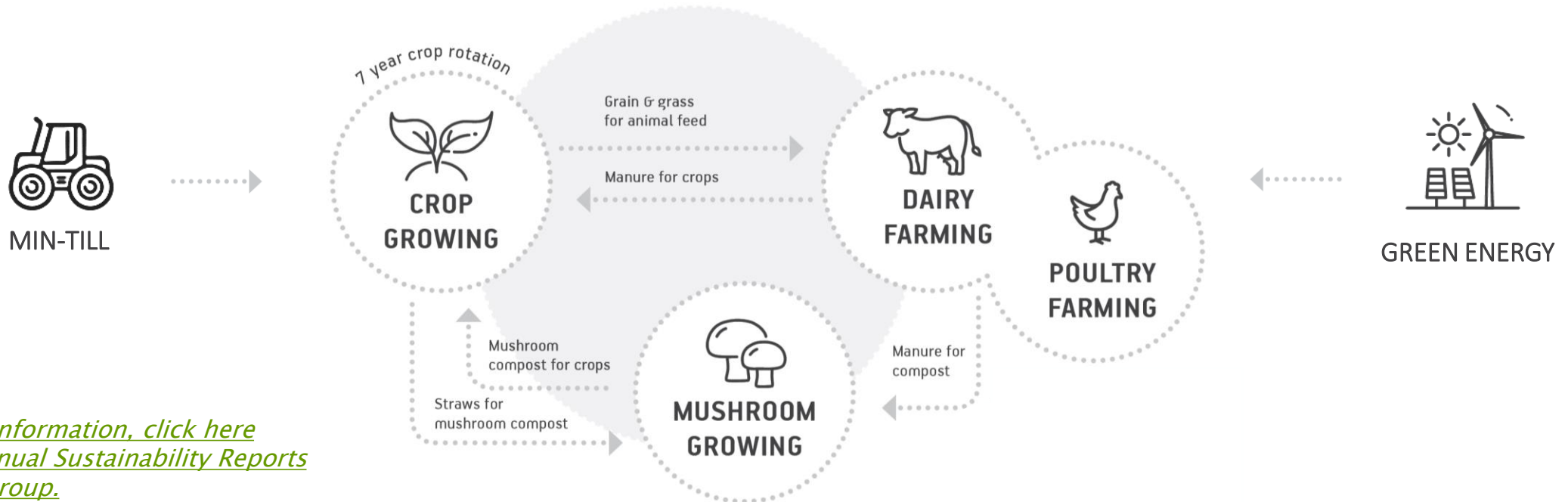
FOCUS ON SUSTAINABILITY

AUGA group is committed to the development of sustainable agriculture and does more than required by EU organic regulations. The following practices are employed:

✔ **Min-till technology** applied on 85% of cultivated agricultural land preserves soil from erosion, saves biodiversity and reduces fuel consumption, resulting in lower GHG emissions.

✔ **Closed-loop organic farming model** developed by the group aims to achieve synergies among different branches of agriculture and the re-use of organic waste. Farming activities, such as crop growing, dairy farming and mushroom growing supplement each other.

✔ **Certified green energy** is used in all of production and administrative facilities, in part produced by the group's companies themselves from renewable energy sources.



[For more information, click here to view annual Sustainability Reports of AUGA group.](#)

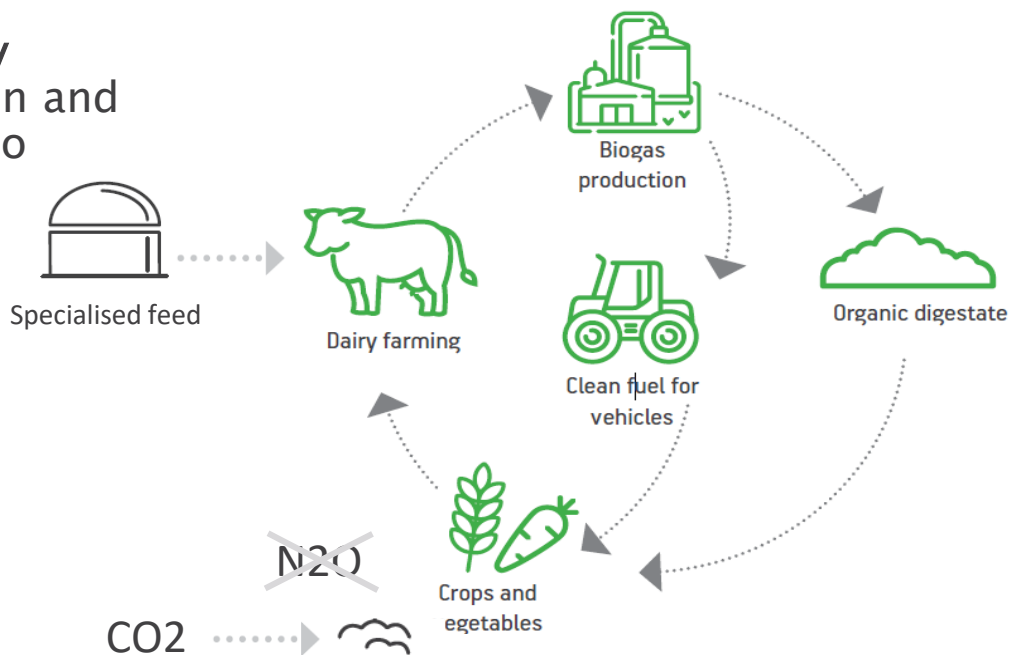
SUSTAINABILITY AGENDA FOR THE FUTURE

The biggest global challenge of our time is climate change:

- ✔ 23% global human activity caused GHG emissions is attributed to agriculture¹.
- ✔ 91% of AUGA group's GHG emissions arise from the three areas of agricultural activities: fossil fuels on farms, cultivated soil and cattle enteric fermentation².

AUGA group's long-term objective is to fundamentally reduce its climate impact by implementing the following projects in the future:

- ✔ **Specialised feed technology** to ensure forage preparation and feed composition in order to substantially reduce CH₂ emissions from bovine enteric fermentation.



- ✔ **Biogas application technologies** to substitute fossil fuel in agricultural machinery, having developed a biogas-powered tractor, and in the future to extract biogas from cow manure, utilizing the process by-product organic digestate as efficient low N₂O emissions fertiliser.

- ✔ **Crop rotation improvement** to achieve the increased proportion of crops with carbon sequestration and nitrogen accumulation properties, thus, absorbing CO₂ from the atmosphere and reducing N₂O emissions.

(1) The Intergovernmental Panel on Climate Change by United Nations report 2019 https://www.ipcc.ch/site/assets/uploads/2019/08/Edited-SPM_Approved_Microsite_FINAL.pdf

(2) Company information from the Sustainability Report 2018 <http://auga.lt/en/for-auga-investors/sustainability-report/#tabs>

MANAGEMENT MODEL

- ✔ In line with good corporate governance practices and in order to create the most transparent and effective governance system, the company has abandoned the Supervisory Board by choosing the independent Board model (June, 2019).
- ✔ This is the first case in Lithuania when members of the Board of a non-governmental company are not affiliated with the controlling shareholder.
- ✔ The unique governance model implemented by AUGA group lays foundation for the highest standards of transparency and accountability to shareholders and investors.



MANAGEMENT BOARD



Dalius Misiūnas

Independent member and Chairman of the Board
President at the ISM University of Management and Economics



Murray Steele

Independent member
Board member of James Walker Group, Chairman of Octopus Apollo VCT, Chairman of Surface Generation.
Programme Director for NED Training Programmes for the Financial Times, the European Bank of Reconstruction and Development and the British Private Equity and Venture Capital Association



Tomas Kučinskas

Independent member
Director of UAB „Provestum“, Board member of UAB „Biseris“, Chairman of UAB „Parket Trade“,
Supervisory board member of Lords LB special Fund V



Tomas Krakauskas

Member
Chief investment Officer of UAB „ME investicija“, Chairman, working as independent board member, of State-owned company „Lithuanian Airports“, Chairman of UAB „Viena sąskaita“



Andrej Cyba

Independent member
Various managing positions in UAB “INVL Asset Management“, UAB FMĮ “INVL Finasta“, Chairman of the Management Board of UAB “Mundus“, Board Member of AB “Vilkyškių pieninė“, CEO at UAB “Piola“



EXECUTIVES



Kęstutis Juščius

CEO

Main shareholder



Martynas Repečka

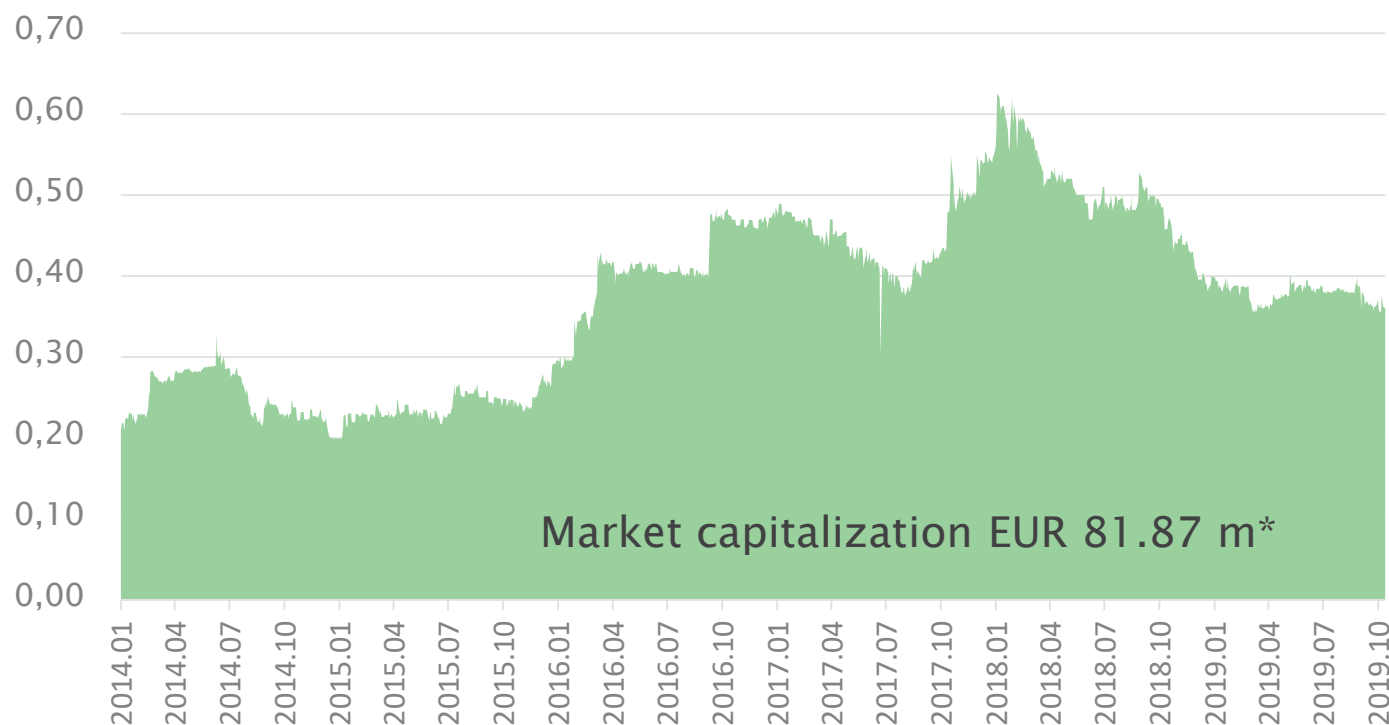
CFO



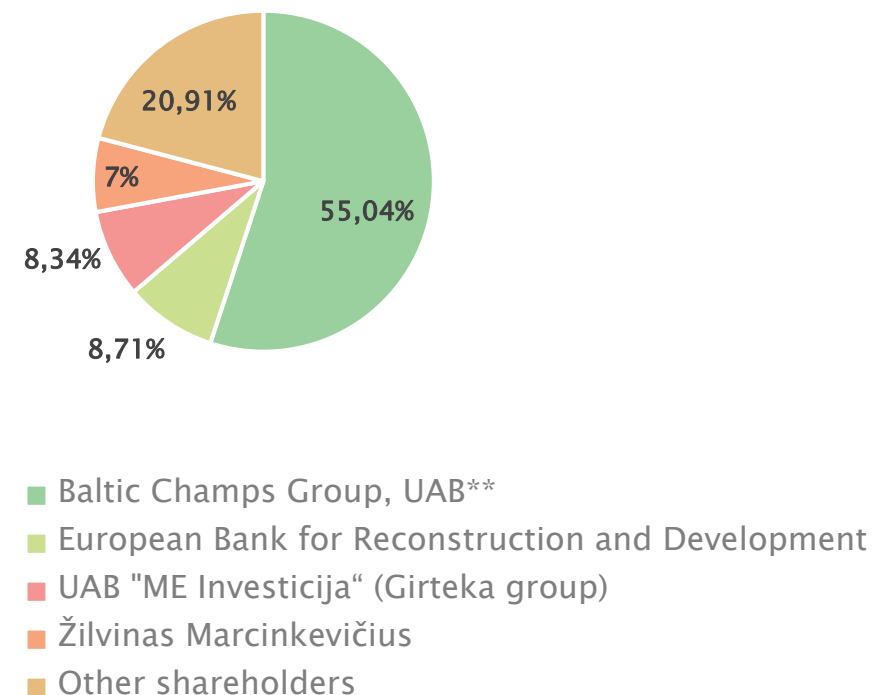
SHARES AND SHAREHOLDERS

On April 2, 2008, company's shares (ISIN code LT0000127466) were included in the list of Vilnius Stock Exchange (VSE) (ticker code - AUG1L). From August 27, 2018 shares of AUGA group were upgraded to the Nasdaq Baltic Main List. The authorized capital consists of 227,4m registered ordinary shares.

Share price, EUR



Main shareholders



*October 14, 2019

**Kęstutis Juščius is the sole shareholder of Baltic Champs Group, UAB

FINANCIAL HIGHLIGHTS



| EUR m | 2016 | 2017 | 2018 | 2018 H1 | 2019 H1 |
|----------------------------|------|------|-------|---------|---------|
| Revenue | 39.6 | 48.8 | 54.7 | 25.0 | 28.8 |
| Gross profit | 10.8 | 14.9 | 3.7 | 4.3 | 6.3 |
| EBITDA* (before IFRS16) | 11.2 | 14.2 | 3.5 | 4.1 | 6.3 |
| EBITDA** (after IFRS16) | - | - | - | - | 9.3 |
| Net profit (before IFRS16) | 2.1 | 5.0 | (5.9) | 0.5 | 0.7 |
| Net profit (after IFRS16) | 2.1 | 5.0 | (5.9) | 0.5 | 0.3 |
| Net debt (before IFRS16) | 30.3 | 43.0 | 53.6 | 60.0 | 56.1 |
| Net debt (after IFRS16) | 30.3 | 43.0 | 53.6 | 60.0 | 88.6 |

- During the first two quarters of 2019 the company improved sales in the crop growing segment, increased the volume of milk sold at organic prices and significantly expanded the export geography of end-consumer packaged products.
- Improving results in all operating segments of the company allow to expect successful second half of 2019.

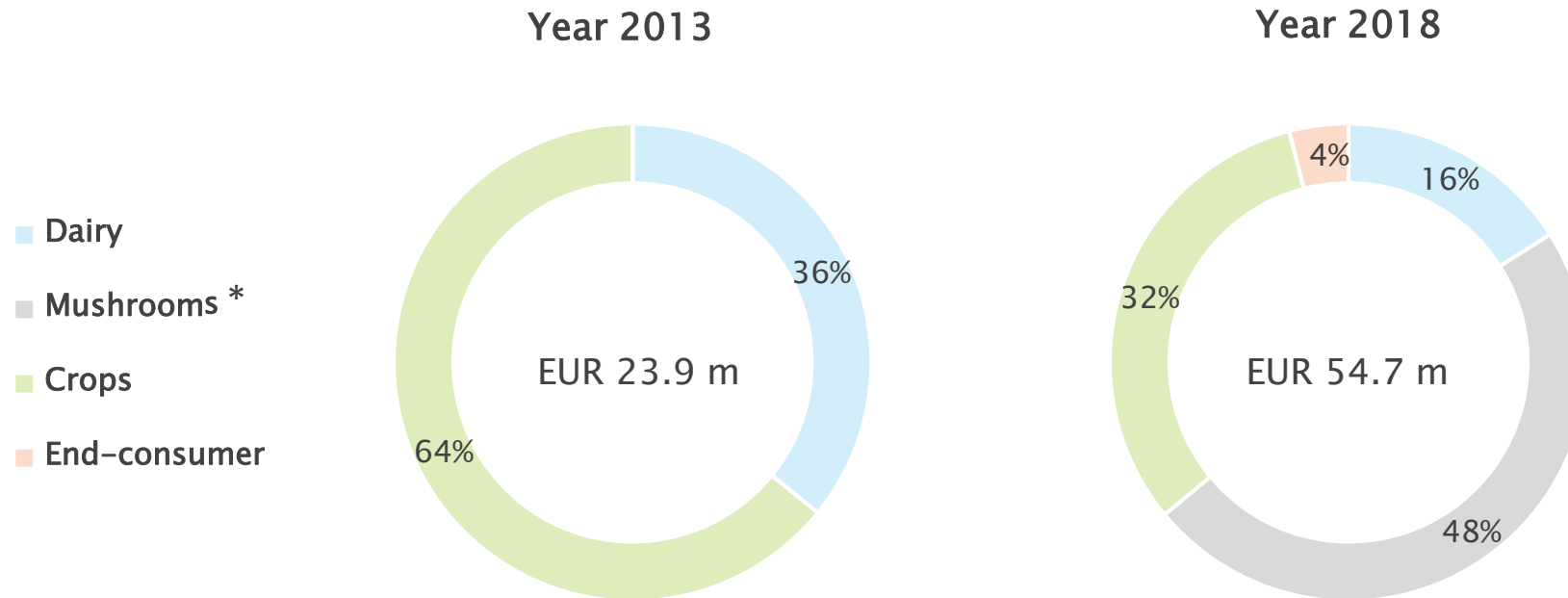
EBITDA* (before IFRS16) – net cash flow from operating activities before changes in working capital and net interest paid, as it is disclosed in cash flow statement prepared according to IFRS, including gain (loss) on fair value changes of biological assets. IFRS16 adoption effect is eliminated. IFRS16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



REVENUE TRANSFORMATION

Main revenue stream is currently generated by three segments: mushrooms, crop growing and dairy. The new (since 2016) end-user product segment is strategically important and the fastest growing.



* Mushroom growing segment is reported separately due to its size and importance. Although majority of mushrooms are sold as end-consumer packaged goods it is not included in the End-Consumer segment financial reports.



An aerial photograph of a vast, vibrant green crop field, likely wheat or barley, stretching across rolling hills. In the background, a dense line of tall, dark green trees forms a natural border. The sky is a clear, pale blue. The overall scene is bright and healthy, representing a successful agricultural segment.

CROP GROWING SEGMENT

CROP GROWING SEGMENT OVERVIEW

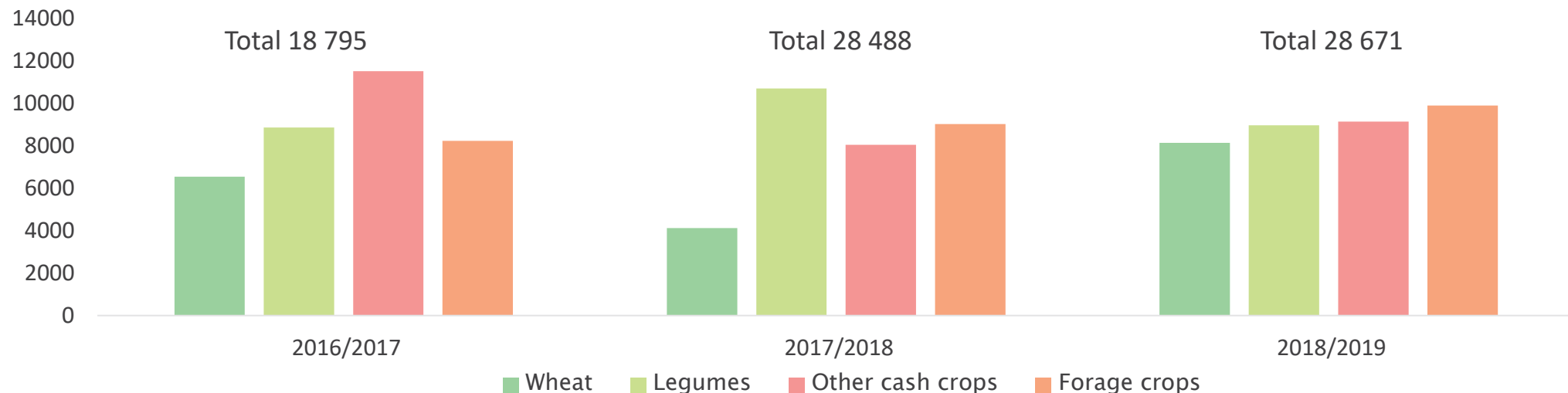


Increased areas of winter wheat allow to achieve better yields under normal weather conditions.

- ✓ Cash crops include organic wheat, legumes, rapeseed, sugar beets, oat, barley.
- ✓ Forage crops consist of perennial grasses and corn, both used for feed.
- ✓ Winter and summer wheat, legumes, rapeseeds and sugar beets are generating the main revenue in the segment.

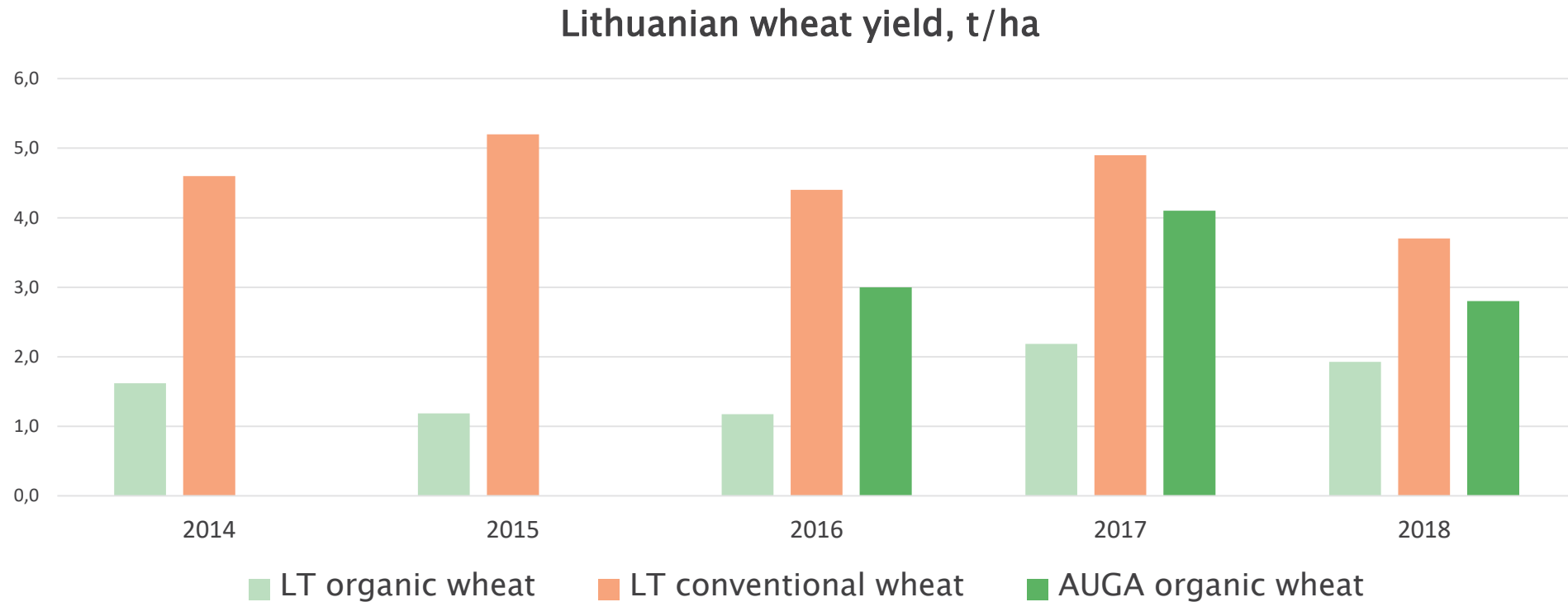
| | 2016 | 2017 | 2018 | 2019 H1 | 2018 H1 |
|---------------------------------------------|------|------|------|---------|---------|
| Total revenue of sold crops, EUR m | 6.8 | 14.2 | 17.5 | 8.8 | 7.6 |
| Gross profit of crop growing segment, EUR m | 8.3 | 13.4 | 4.3 | 6.3 | 4.4 |

Cultivated area, ha



PROVEN ACHIEVEMENT: ABOVE AVERAGE YIELDS

Due to the availability of organic compliant fertilisers within the group (manure and compost from integrated dairy farming and mushroom growing sectors) and the application of innovative land cultivation technologies, AUGA group achieves superior crop yields.



MUSHROOM GROWING SEGMENT

A close-up, high-angle photograph of a vast field of small, white mushrooms. The mushrooms are densely packed and appear to be growing from a dark, moist substrate. The lighting is soft and even, highlighting the smooth, rounded caps of the mushrooms. The background is slightly blurred, emphasizing the texture and quantity of the mushrooms in the foreground.

MUSHROOM GROWING SEGMENT OVERVIEW

Stable production volume, improving profitability due to increased average sales prices.

- ✔ Mushroom growing segment covers the cultivation and sales of fresh mushrooms, grown in controlled environment (indoors).
- ✔ Baltic Champs, part of AUGA group, is the largest producer of mushrooms in the Baltic region.
- ✔ Serving fresh market is a priority for the group due to higher prices and the purpose of keeping strong relations with the clients.

| | 2017 | 2018 | 2018 H1 | 2019 H1 |
|-------------------------------------------------------------|------|------|---------|---------|
| Total mushrooms sold, thousand tons | 12.0 | 12.1 | 6.0 | 6.0 |
| Non-organic | 11.4 | 11.3 | 5.6 | 5.6 |
| Organic | 0.7 | 0.9 | 0.4 | 0.4 |
| Total revenues from mushroom sales, EUR m | 21.5 | 23.9 | 11.1 | 12.6 |
| Non-organic | 19.6 | 21.3 | 9.8 | 11.3 |
| Organic | 1.9 | 2.6 | 1.3 | 1.4 |
| Total revenues from sales of mushroom seedbed, EUR m | 2.9 | 2.6 | 1.3 | 1.2 |



DAIRY SEGMENT

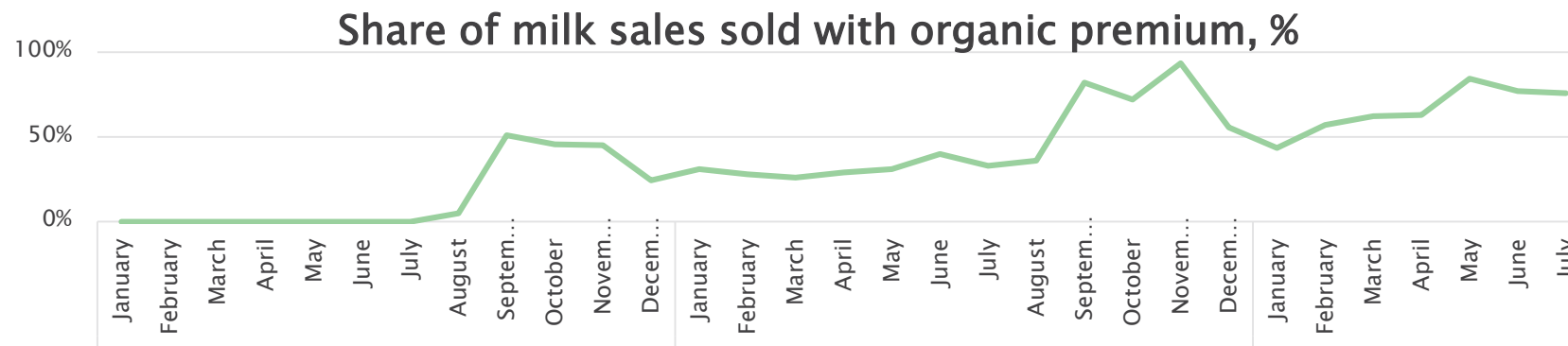


DAIRY SEGMENT OVERVIEW

Organic milk sales shows further growth.

- ✔ Dairy segment includes organic milk production and cattle raising.
- ✔ Dairy segment is vital for the group's activity as it consumes forage crops grown due to crop rotation and organic farming requirements while by-products of dairy segment, such as manure, are used as fertilizers.
- ✔ It gives the opportunity to offer wider range of organic products, milk being among the top organic food items.

| | 2017 | 2018 | 2018 H1 | 2019 H1 |
|-----------------------------------------------|-------------|-------------|-------------|-------------|
| Total milk sold | 23.9 | 23.4 | 12.1 | 13.1 |
| Non-organic milk, thousand tons | 19.8 | 12.2 | 8.1 | 4.6 |
| Organic milk, thousand tons | 3.2 | 10.4 | 3.6 | 8.1 |
| Cattle, tons | 0.8 | 0.8 | 0.5 | 0.4 |
| Total revenues of dairy segment, EUR m | 9.0 | 9.0 | 4.5 | 5.2 |
| Non-organic milk | 6.9 | 3.9 | 2.6 | 1.5 |
| Organic milk | 1.3 | 4.2 | 1.5 | 3.3 |
| Cattle | 0.8 | 0.8 | 0.5 | 0.4 |



PACKAGED END-CONSUMER GOODS



RANGE OF PACKAGED PRODUCTS BY AUGA



FRESH VEGETABLES



PRESERVED VEGETABLES AND MUSHROOMS



READY-TO-EAT SOUPS



EGGS



GRAIN PRODUCTS



FRESH MUSHROOMS



DAIRY PRODUCTS



RAPESEED OIL



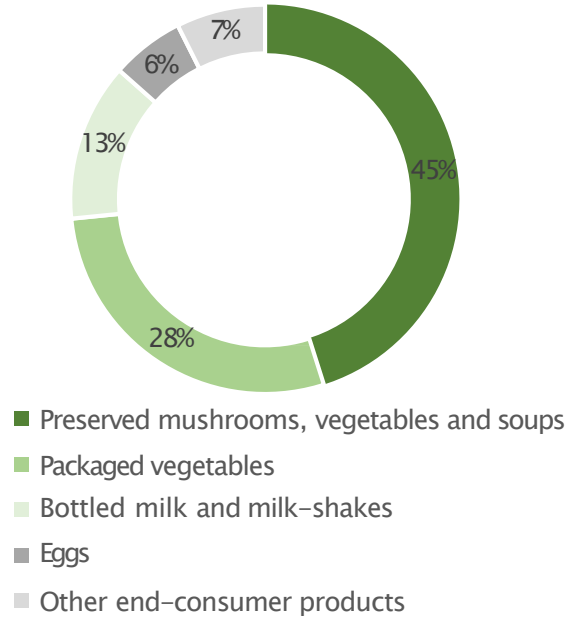
END-CONSUMER SEGMENT OVERVIEW

End-consumer segment is of strategic importance to the group due to diversification of current business lines as well as higher value added.

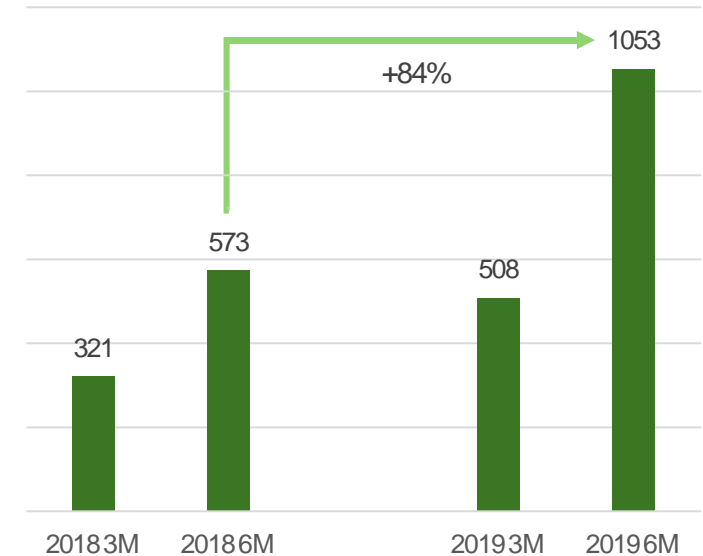
| | 2017 | 2018 | 2018 H1 | 2019 H1 |
|--------------------------------------------------------|-------|-------|---------|---------|
| Total revenue from end-consumer products, thousand EUR | 1 050 | 1 864 | 573 | 1 053 |
| Total cost of end-consumer products, thousand EUR | 997 | 1 793 | (582) | (1 008) |
| Gross profit of end-consumer segment, thousand EUR | 53 | 71 | (9) | 45 |

- ✔ This segment covers ready-to-eat soups, preserved mushrooms, packaged vegetables, bottled milk and milk-shakes and other products.
- ✔ The United Arab Emirates became one of the most successful new export market in the first half of this year.
- ✔ Further export development focus remain on the USA and Asian markets.

Revenues structure 2019 6M, %



Revenue changes, y-o-y



FINANCIAL DATA SHEETS



INCOME STATEMENT



| EUR'000 | 2016 | 2017 | 2018 | 2018 H1 | 2019 H1 |
|-----------------------------------------------------------|---------------|----------------|----------------|------------------|--------------|
| | | <i>Audited</i> | | <i>Unaudited</i> | |
| Revenues | 39.6 | 48.8 | 54.7 | 25 | 28.8 |
| Cost of sales | (28) | (38) | (45.8) | (19.8) | (24.3) |
| Gain (loss) on changes in fair value of biological assets | (0.9) | 4.2 | (5.3) | (0.9) | 1.8 |
| Gross profit | 10.8 | 14.9 | 3.7 | 4.3 | 6.3 |
| Operating expenses | (7) | (8.6) | (10.4) | (3.2) | (4.4) |
| Revaluation of investment property | - | - | - | - | - |
| Other income | 0.1 | 0.4 | 2.8 | 0.4 | 0.4 |
| Operating profit | 3.890 | 6.697 | (3.938) | 1.451 | 2.300 |
| EBITDA* | 11.213 | 14.193 | 3.546 | 4.097 | 6.283 |
| EBITDA** | - | - | - | - | 9.334 |
| Finance cost | (2.098) | (1.904) | (2.295) | (966) | (1.959) |
| Profit (loss) before income tax | 1.792 | 4.793 | (6.462) | 485 | 341 |
| Income tax expense | 353 | 222 | 482 | - | - |
| Net profit (loss) for the period | 2.145 | 5.051 | (5.980) | 485 | 341 |

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



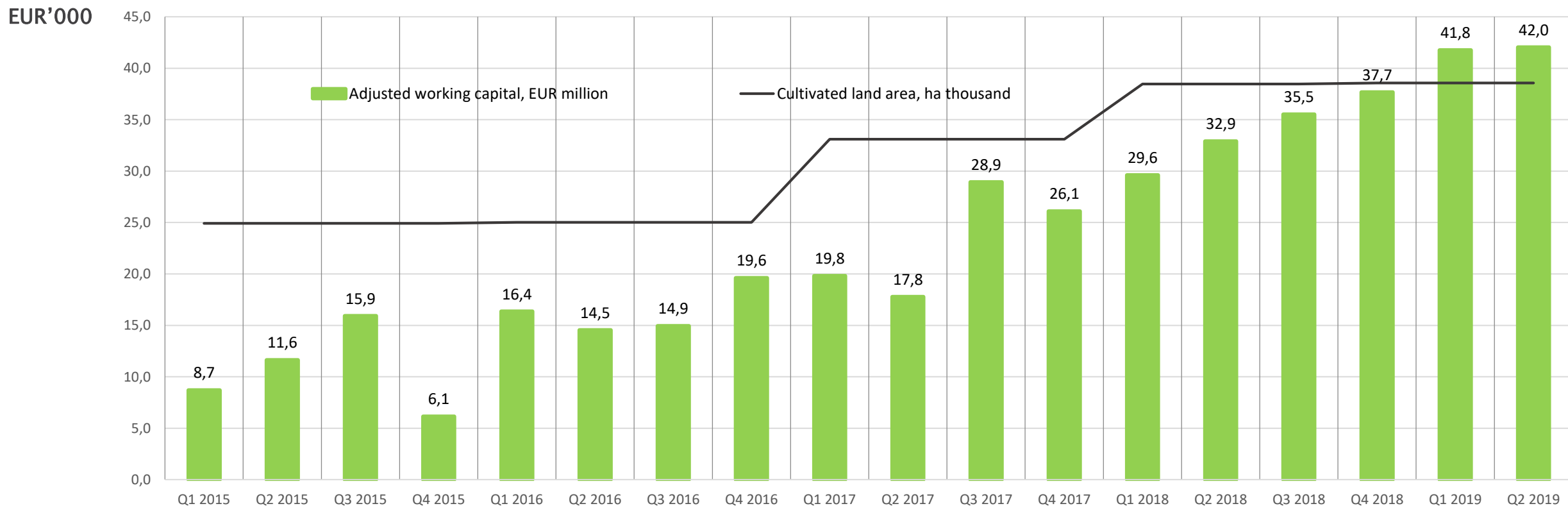
| EUR'000 | 2016 | 2017 | 2 018 | 2018 H1 | 2019 H1 |
|-------------------------------------------------------------------------|---------------|----------------|----------------|------------------|----------------|
| | | <i>Audited</i> | | <i>Unaudited</i> | |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 76.262 | 85.253 | 92.891 | 92.354 | 125.627 |
| Biological assets | 6.858 | 8.029 | 9.128 | 8.520 | 8.788 |
| Other non-current assets | 3.573 | 5.867 | 9.919 | 10.282 | 8.485 |
| Total non-current assets | 86.693 | 99.131 | 111.938 | 111.156 | 142.900 |
| Current assets | | | | | |
| Biological assets | 5.223 | 10.111 | 32.155 | 24.414 | 32.551 |
| Inventory | 15.157 | 25.547 | 28.708 | 17.618 | 15.633 |
| Trade receivables, advance payments & other receivables | 13.367 | 10.765 | 14.573 | 15.922 | 17.651 |
| Cash and cash equivalents | 1.65 | 620 | 2.281 | 872 | 870 |
| Assets held for sale | - | 2.374 | - | - | - |
| Total current assets | 35.397 | 49.417 | 77.717 | 58.826 | 66.705 |
| Total assets | 122.09 | 148.548 | 189.655 | 169.982 | 209.605 |
| Equity and liabilities | | | | | |
| Capital and reserves | | | | | |
| Share capital and premium | 62.241 | 55.089 | 72.658 | 55.089 | 72.658 |
| Reserves | 4.541 | 6.303 | 9.761 | 8.495 | 9.761 |
| Retained earnings (accumulated deficit) | 5.163 | 17.241 | 8.936 | 15.842 | 9.369 |
| Equity attributable to equity holders of the Company | 71.945 | 78.633 | 91.355 | 79.261 | 91.788 |
| Non-controlling interest | 293 | 382 | 359 | 296 | 331 |
| Shareholders equity, total | 72.238 | 79.015 | 91.714 | 79.557 | 92.119 |
| Non-current liabilities | | | | | |
| Non-current financial debt | 20.365 | 22.522 | 21.718 | 29.970 | 52.395 |
| Grants | 3.286 | 3.657 | 3.433 | 3.566 | 3.240 |
| Deferred tax liability | 433 | 656 | 883 | 656 | 882 |
| Total non-current liabilities | 24.084 | 26.835 | 26.034 | 34.192 | 56.517 |
| Current liabilities | | | | | |
| Current financial debt | 11.625 | 21.069 | 34.144 | 30.957 | 37.170 |
| Trade payables | 8.796 | 14.467 | 14.681 | 20.686 | 16.385 |
| Other payables and current liabilities | 5.347 | 5.855 | 5.316 | 4.590 | 7.414 |
| Liabilities directly associated with assets classified as held for sale | - | 1.307 | - | - | - |
| Total current liabilities | 25.768 | 42.698 | 54.141 | 56.233 | 60.969 |
| Total liabilities | 49.852 | 69.533 | 80.175 | 90.425 | 117.486 |
| Total equity and liabilities | 122.09 | 148.548 | 171.889 | 169.982 | 209.605 |

CASHFLOW STATEMENT

| EUR'000 | 2016 | 2017 | 2018 | 2018 H1 | 2019 H1 |
|------------------------------------------------------------------------------|----------------|----------------|-----------------|------------------|----------------|
| | | <i>Audited</i> | | <i>Unaudited</i> | |
| Cash flows from / (to) operating activities | | | | | |
| Net profit (loss) before income tax | 1.792 | 4.793 | (6.462) | 485 | 341 |
| Adjustments for non-cash expense (income) items and other adjustments | | | | | |
| Depreciation expense | 6.058 | 6.800 | 7.504 | 3.788 | 6.600 |
| Amortisation expense | 50 | 178 | 565 | 88 | 68 |
| Other adjustments | 4.181 | (1.737) | 6.486 | (36) | 523 |
| Changes in working capital | | | | | |
| (Increase) decrease in biological assets | (2.245) | (6.568) | (10.640) | (15.915) | (19.466) |
| (Increase) decrease in trade receivables and prepayments | (1.289) | 3.468 | (2.535) | (4.321) | (3.528) |
| (Increase) decrease in inventory | (7.567) | (6.675) | (3.918) | 8.485 | 12.294 |
| (Decrease) increase in trade and other payables | 1.723 | 5.908 | (739) | 3.838 | 3.803 |
| | 2.703 | 6.167 | (9.739) | (3.588) | 635 |
| Income tax paid | - | - | - | - | - |
| Interest paid, netto | (1.897) | (1.802) | (1.747) | (946) | (1.068) |
| Net cash flows from / (to) operating activities | 806 | 4.365 | (11.486) | (4.534) | (433) |
| Cash flows from / (to) investing activities | | | | | |
| Purchase of property, plant and equipment | (4.329) | (4.950) | (4.025) | (2.322) | (1.404) |
| Purchase of non-current intangible assets | (14) | (17) | (12) | - | - |
| Other investing activities | 5.773 | (1.584) | (1.999) | (1.197) | (206) |
| Net cash flows from / (to) investing activities | 1.430 | 6.552 | (6.036) | (3.519) | (1.610) |
| Cash flows from / (to) financing activities | | | | | |
| Loans repaid to banks | (19.101) | (5.921) | (18.450) | (13.451) | (1.604) |
| Borrowings received | 17.352 | 12.13 | 21.199 | 18.820 | 3.730 |
| Other borrowings obtained (paid) | (851) | (1.547) | 4000 | 3.587 | 500 |
| Finance lease repayments | (2.054) | (3.504) | (5.135) | (651) | (1.993) |
| Other | - | - | 17.569 | - | - |
| Net cash flows from / (to) financing activities | (4.654) | 1.158 | 19.183 | 8.305 | 633 |
| Net (decrease) / increase in cash and cash equivalents | (2.418) | (1.030) | 1,661 | 252 | (1.410) |
| Cash and cash equivalents at the beginning of the period | 4.068 | 1.650 | 620 | 620 | 2.281 |
| Cash and cash equivalents at the end of the period | 1.650 | 620 | 2.281 | 872 | 871 |

DYNAMICS OF WORKING CAPITAL

Group's transfer to organic agriculture which is generally more capital intensive together with cultivated land area expansion resulted in significantly increased working capital in the past several years. Growing working capital requirement was the main driver to financial liabilities portfolio development since part of working capital is financed by credit-line facilities.



| | Q4 2015 | Q4 2016 | Q4 2017 | Q4 2018 | Q2 2019 |
|----------------------------------------------------------|---------|---------|---------|---------|---------|
| Adjusted working capital*, EUR'000 | 6.1 | 19.6 | 26.1 | 37.7 | 42.0 |
| Net financial debt (before IFRS16), EUR'000 | 42.6 | 30.3 | 43.0 | 53.6 | 56.1 |
| Net financial debt (before IFRS16)- adjusted WC, EUR'000 | 36.5 | 10.7 | 16.9 | 15.9 | 14.1 |

*Adjusted working capital = Current biological assets + Trade receivables, advance payments and other receivables + Inventory - Trade payables - Other payables and current liabilities.

SUMMARY OF AUGA COMPETITIVE POSITION

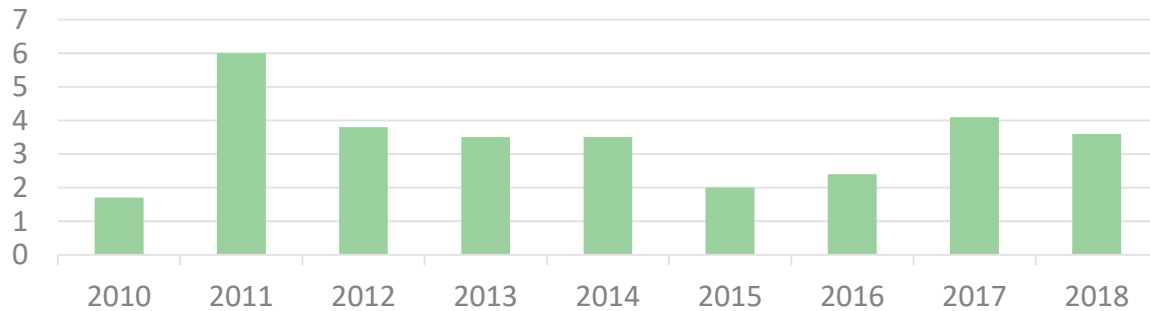


- ✔ AUGA group, AB, based in Lithuania, is one of the largest organic food companies in Europe. The company employs modern and efficient agricultural technologies, achieves economies of scale and has efficient logistics and storage solutions in place.
- ✔ Vertically integrated business model allows to achieve superior crop yields and, in combination with still lower labor costs and the economies of scale, enables to gain a significant cost advantage within the EU and global organic markets.
- ✔ The size of the company and the ambitious vision of its shareholders allow to hire and retain experienced and skilled management and talent locally and internationally.
- ✔ Full traceability from seed to package, controlled by the company, ensures high quality of products and helps to gain trust from private label producers, retailers, as well as final consumers of branded AUGA products.
- ✔ Wide range of products grown and produced allows the company to offer variety of final consumer products.



LITHUANIAN MACROECONOMIC ENVIRONMENT

Real GDP, % y-o-y



- ✓ 14th place in „Ease of doing business“ ranking.
- ✓ 21th in Worldwide Index of Economic Freedom by Heritage Foundation.
- ✓ Member of OECD, EU, Eurozone.
- ✓ As with its Baltic neighbors, wages are rising as well as employment levels, supporting private consumption and forming the basis of the sustained improvement in GDP.
- ✓ Agriculture remains a key segment contributing consistently to over 2.7% of gross GDP (2016 EU28 average 1.4%).

| (Current prices) | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------------------------------|------------|------------|------------|------------|
| Lithuania | | | | |
| - Total gross value added, EURm | 33,604 | 35,000 | 37,975 | 40,678 |
| - Agriculture, forestry and fishing gross value added, EURm | 1,276 | 1,208 | 1,483 | 1,316 |
| - % gross value added | 3.8 | 3.5 | 3.9 | 3.2 |
| EU28 | | | | |
| - Total gross value added, EURm | 13,252,481 | 13,355,695 | 13,724,074 | 14,150,664 |
| - Agriculture, forestry and fishing gross value added, EURm | 211,084 | 209,778 | 230,280 | 230,367 |
| - % gross value added | 1.6 | 1.6 | 1.7 | 1.6 |

au
ga

Find out more at www.auga.it

