

The third quarter of 2020 maintained our expectations of the stable situation of the LUG Group. We dynamically developed export sales and took advantage of the gradual re-opening of the economies of individual countries. We maintain cost discipline, visible primarily in lower selling costs. The level of orders for the following periods meets our expectations.



Ryszard Wtorkowski  
CEO of LUG S.A.  
Management Board

Revenues  
of 2020Q3  
**+4,0% y/y**

**42,20**  
PLN mln

Gross margin  
on sales  
**+1,7% y/y**

**16,57**  
PLN mln

**The most important events of 2020Q3:**

- The highest level of quarterly EBITDA in the history of LUG Group
- Gross margin on sales result near to the strategically expected 40% level
- Significant reduction of sales costs
- E-shop launching as a new sales tool for UVC products
- The title of a climate-conscious company and a high score after the EcoVadis audit

**Top 3 completions in 2020Q3:**

- Internal lighting of Chantier Bureau in Montigny le Bretonneux, France
- Google Data Centre Bureau, Brussel, Belgium
- S2 Expressway lighting, South Bypass, Warsaw, Poland

**6,03**  
PLN mln

EBITDA  
2020Q3  
**+139,3% y/y**

**1,81**  
PLN mln

Net profit  
**+56,0% y/y**

Posadas | Sao Paulo | London | Berlin | Zielona Góra | Nowy Kisielin | Istanbul | Dubai | Lagos

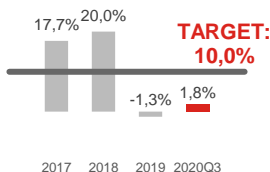


**3**  
production  
plants

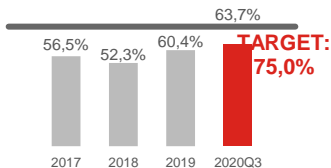
**70**  
markets

**Implementation of strategic directions of development**

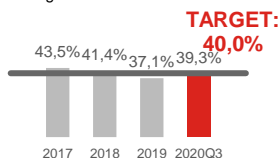
**Main goal:** average annual increase to 2021 at 10% CAGR



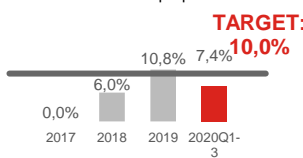
**GOAL:** share of exports in revenues at the level of 75% in the perspective of 2021



**GOAL:** permanent maintenance of the gross margin on sales at the level of 40%



**GOAL:** share of contracts 1 million euros at the level of min. 10% in the perspective of 2021



**Lighting market**

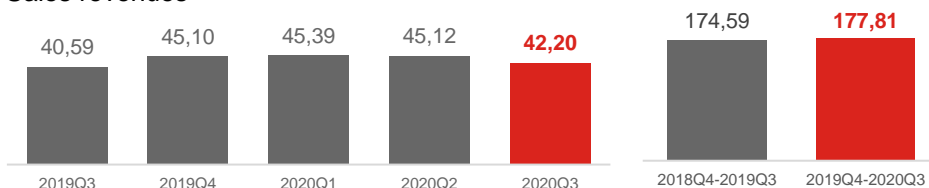
**18% CAGR**

The forecasted growth rate of the LED lighting market in Europe in 2020-2025 based on the calculations concerning coronavirus pandemic.

Factors of growth:

- **Savings:** The use of LEDs help to save 60-65% of electricity costs and reduces indirect greenhouse gas emissions
- **Regulations:** EU requirements regarding Energy efficiency of lighting require the use of LED solutions
- **IoT:** The development of an intelligent lighting, both internal and external, is possible only with the use of LED. This results in a rapidly, growing demand for IoT and Smart City solutions.
- **UV-C:** The public needs caused by the pandemic significantly increased the demand for UV-C disinfecting lighting

Sales revenues



Comment

Revenues increased by o 4,0% y/y with an increase in export revenues.

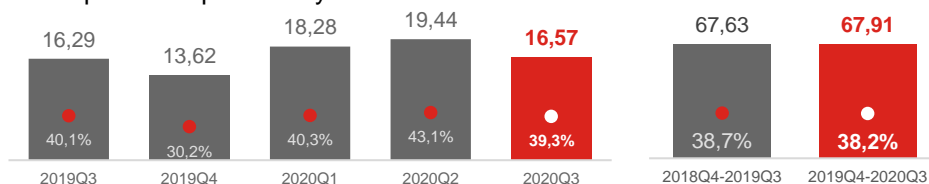
Gross margin on sales similar to the 40% expected in strategic directions of development.

Record-breaking quarterly EBITDA in the history of the LUG Group due to the reduction of sales costs and as the effect of the benefits from the Guaranteed Employee Benefits Fund (in the amount of PLN 1,7 mln).

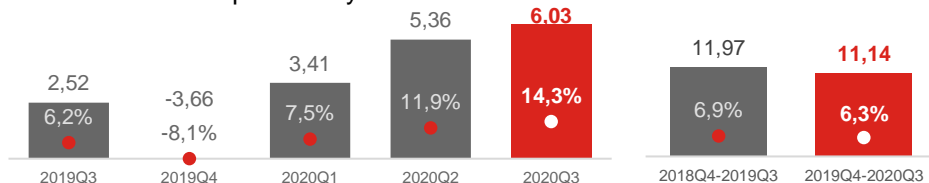
Long-term credit and leasing debt reduction. Change of trade liabilities into financial liabilities thanks to the increased use of reverse factoring.

Improvement of ROE, ROA and liquidity ratios. Net debt to EBITDA ratio decreased compared to the previous quarter.

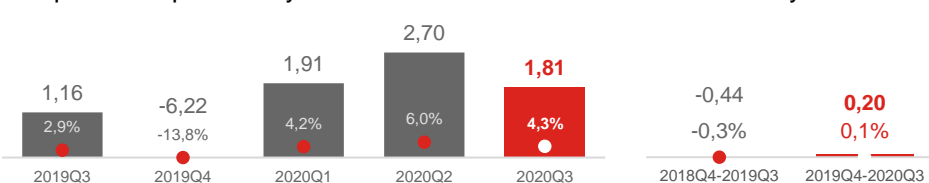
Gross profit and profitability on sales



EBITDA result and profitability



Net profit and profitability for the shareholders of the dominant entity



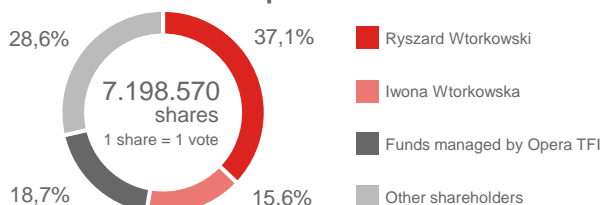
Selected balance items and indicators

	30.09.2019.	30.06.2020.	30.09.2020.
Total balance sheet	147,96	153,13	151,64
Fixed assets	70,27	67,79	66,73
Current assets	77,69	85,34	84,91
Inventory	30,01	29,90	29,57
Trade receivables	1,66	2,86	2,16
Cash	3,31	3,69	3,88
Equity capital	52,04	49,87	50,61
Long-term liabilities	16,63	13,37	12,61
Long-term loans	3,22	2,08	1,83
Short-term liabilities	79,29	89,89	88,42
Short-term loans	32,31	33,11	34,18
Short-term trade liabilities	17,96	23,00	18,13
ROE	-1,9%	-3,1%	2,3%
ROA	-0,7%	-1,0%	0,8%
Net debt/ EBITDA	5,02	6,77	5,22
EV/EBITDA (at the end of the period)	7,14	10,80	8,90

Quotation on ASO NewConnect



Share ownership



Management Board | Supervisory Board

<b>Ryszard Wtorkowski</b> CEO	<b>Iwona Wtorkowska</b> President of the Supervisory Board
<b>Mariusz Ejmont</b> VP of the Management Board Director of Technologies and Systems Integration of LUG	<b>Renata Baczańska</b>
<b>Małgorzata Konys</b> Management Board Member Financial Director	<b>Eryk Wtorkowski</b>
	<b>Zygmunt Ćwik</b>
	<b>Szymon Ziolo</b>