

In the second quarter of 2020, the gradual opening of the economies of individual countries allowed us to grow and generate positive financial results. Further cost discipline, operational preventive actions resulting from the development of the COVID-19 pandemic and the current level of orders allow us to conclude that the Group's situation is stable



Ryszard Wtorkowski  
The CEO of the Management  
Board of LUG S.A.

Revenues of  
2020Q2  
+10,7% y/y

45,12  
mln PLN

Gross margin  
on sales  
+27,1% y/y

19,44  
mln PLN

The most important events of 2020Q2

- Over 10% revenue growth y/y
- Gross margin on sales back on its strategic levels over 40%
- Significant reduction of general and administrative expenses
- Gradual reduction of debt thanks to the positive cash flows from operating activities
- New PurelightLUG products set to UV-C light sterilization for HoReCa, offices, education, services and health care.

Top 3 completions in 2020Q2:

- Street lighting of NATA base
- Central reserve bank Central de Reserva del Peru, Lima
- Medical and internal lighting of University Hospital in Zielona Góra

5,36  
mln PLN

EBITDA  
+57,2% q/q

2,70  
mln PLN

Net profit  
+41,4% q/q

Posadas | Sao Paulo | Londyn | Berlin | Zielona Góra | Nowy Kisielin | Stambuł | Dubai | Lagos

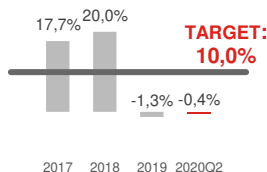


3  
production  
plants

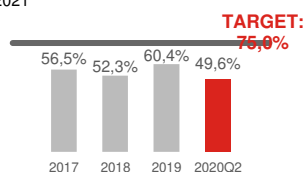
70  
markets

Implementation of strategic directions of development

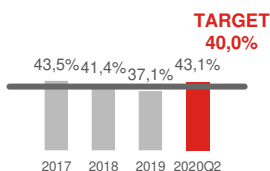
Main goal: average annual increase to 2021 at 10% CAGR



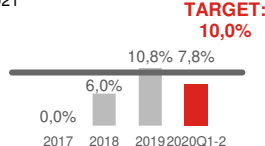
Goal: share of exports in revenues at the level of 75% in the perspective of 2021



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

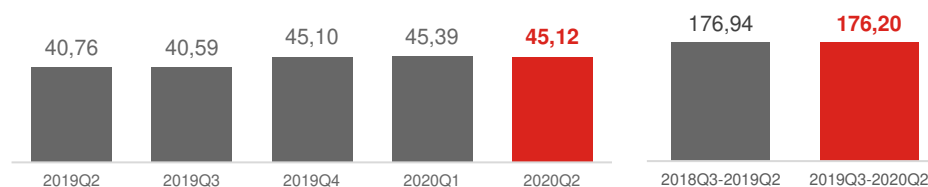
18%  
CAGR

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 saves 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 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

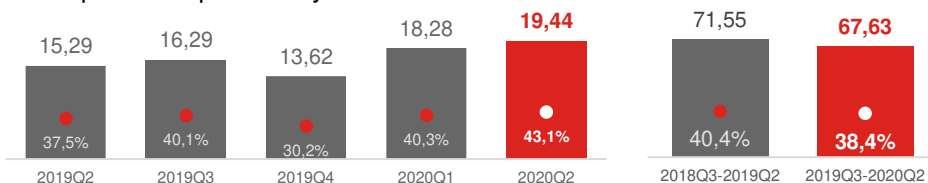
Sales revenues



Comment

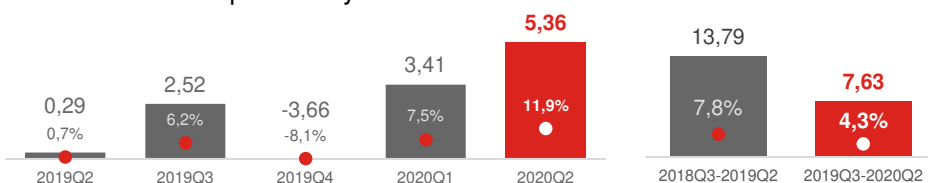
Revenues increased by 10,7% y/y in 2020Q2 with an increase in domestic revenues from the finalization of projects started in the previous quarters.

Gross profit and profitability on sales



Positive and higher than in the previous quarter profitability at every level of results thanks to a relative reduction in the costs of products, goods and materials sold and optimization of general and administrative costs. Positive impact of the benefit from FGŚP in the amount of PLN 935 thousand for operating profit.

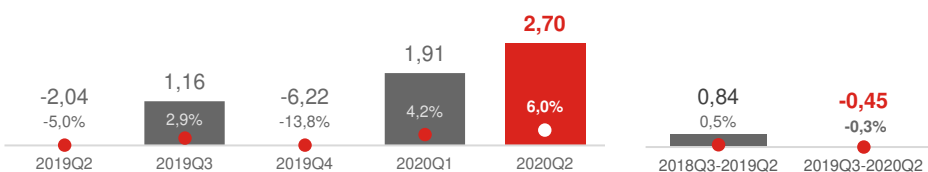
EBITDA result and profitability



Positive cash flows from operating activities.

Reduction of interest debt, both long-term and short-term. Reduction of trade receivables thanks to shorter payment terms for customers. Increase in inventories related to the preparation for the implementation of contracts in the following quarters.

Net profit and profitability for the shareholders of the dominant entity



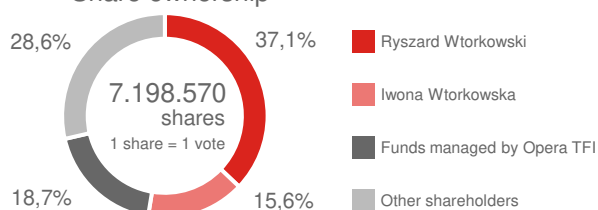
Selected balance items and indicators

	30.06.2019.	31.03.2020.	30.06.2020.
Total balance sheet	143,09	157,68	153,13
Fixed assets	69,57	69,12	67,79
Current assets	73,52	88,56	85,34
Inventory	37,88	45,77	47,23
Trade receivables	28,72	33,85	29,90
Cash	3,12	4,85	3,69
Equity capital	52,61	48,53	49,87
Long-term liabilities	17,41	12,94	13,37
Long-term loans	3,22	2,35	2,08
Short-term liabilities	73,07	96,21	89,89
Short-term loans	29,43	37,00	33,11
Short-term trade liabilities	15,21	29,54	23,00
ROE	0,6%	-6,1%	-3,1%
ROA	0,2%	-1,9%	-1,0%
Net debt / EBITDA	4,03	9,48	6,77
EV/EBITDA (at the end of the period)	7,67	11,97	10,80

Quotation on ASO NewConnect



Share ownership



Management Board | Supervisory Board

<b>Ryszard Wtorkowski</b> President of the Management Board	<b>Iwona Wtorkowska</b> President of the Supervisory Board
<b>Mariusz Ejsmont</b> VP of 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>