



LUG Light Factory Sp. z o.o.
Manufacturer of Professional LED Lighting Solutions



Report's type **Current report**
Number **9/2021**
Entity **LUG S.A.**

Subject: Estimated consolidated selected financial data of LUG S.A. Capital Group for II quarter and cumulatively for the first half of 2021.

The Management Board of LUG S.A. with its registered office in Zielona Góra ("LUG", "Issuer"), regarding to the information received on August 5, 2021 on the value of selected estimated financial data of LUG S.A. Capital Group for the II quarter and for the first half of 2021, as well as their changes in relation to the financial results presented in the corresponding periods of previous years, provide, attached to this report, selected estimated consolidated financial data for the II quarter and cumulatively for the first half of 2021 along with the comparative data for the corresponding periods of the 2018-2021 financial years and the following comment:

- In the II quarter of 2021, sales revenues of LUG S.A. Capital Group reached PLN 47.39 million, which is a 5.0% increase compared to the same period last year. Cumulative sales for the first half of 2021 reached PLN 84.92 million compared to PLN 90.51 million for two quarters of 2020.
- Consolidated operating income of the LUG Group in the II quarter of this year. amounted to PLN 0.46 million compared to PLN 1.53 million in the second quarter of the previous year. The difference in the value of other operating income is due to the benefit for the protection of jobs from the Guaranteed Employee Benefits Fund (FGŚP), received in II quarter of 2020 in the amount of PLN 935 thousand, which was a subsidy for the salaries of employees not covered by economic downtime due to the decline in economic turnover as a result of COVID-19 in the first weeks of the second quarter. The total value of the benefit in 2020 was PLN 2.64 million. Cumulatively for the 6 months of 2021, other operating revenues amounted to PLN 1.00 million and were 46.7% lower than in the previous year.
- As a result of the sales product structure completed in the II quarter, the LUG Group generated a gross profit on sales of PLN 25.55 million compared to PLN 19.44 million in the corresponding period of 2020 (+ 31.4% y/y), and thus in the first half of 2021 gross profit amounted to PLN 36.05 million compared to PLN 37.72 million in the previous year (-4.4% y/y). The gross margin on sales increased in the II quarter by 10.8pp y/y reaching the level of 53.9%, compared to the level of 43.1% in the second quarter of 2020. Cumulatively for two quarters, it reached the level of 42.5% (+0.8pp y/y) despite the drop in margin in the first quarter of the year.



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- The operating result of the LUG Group in the second quarter of this year amounted to PLN 2.61 million comparing to PLN 3.12 million reached in the previous year (-6.2% y/y). The y/y difference is the result of preventive measures implemented in 2020, under which the remuneration of non-productive workers was temporarily reduced, which allowed for a short-term reduction of remuneration costs. Operating profit in the second quarter of this year also reflected in the level of operating result for the first half of 2021, which amounted to PLN 3.19 million, compared to PLN 4.23 million in the first half of 2020. The operating margin for the II quarter reached 5.5% (-1.44pp y/y) and 3.8% for the first 6 months of this year. (-0.9pp y/y).
- In the second quarter of 2021, the LUG Group generated a consolidated EBITDA of PLN 5.22 million compared to PLN 5.36 million in the II quarter of 2020. Cumulative for two quarters of this year, EBITDA amounted to PLN 8.37 million compared to PLN 8.77 million in the corresponding period of 2020. The EBITDA margin was respectively 11.0% in II quarter of 2021 (-0.9pp y/y) and 9.9% in the period Q1-Q2 2021 (+0.2pp y/y).
- The net result of the LUG Capital Group in the first half of 2021 amounted to PLN 1.55 million compared to PLN 4.61 million in the first half of 2020, while in the second quarter of this year the net result reached the level of PLN 0.78 million compared to PLN 2.95 million a year earlier. The net margin amounted to 1.8% in Q1-Q2 this year, respectively and 1.7% in the second quarter of this year.

The dynamics of the LUG Group's results in the first half of 2021 was influenced by a series of factors, among which, similarly to the first quarter of this year, the global disruptions with components had the greatest impact. The limited availability of semiconductors, electrical equipment and key metals also obtained by major electronics manufacturers and by the automotive industry reflected in the price and availability of almost all components used in the production of luminaires and smart elements. Economic recovery and growing sentiment in industrial production around the world stimulated additional demand for transport services, with the currently limited capacity, translated into several-folded (sometimes fivefolded) increase in transport costs. At the beginning of 2021, the Capital Group of LUG S.A. managed to increase the inventory levels in terms of selected component items. However, it is still not full availability, which would allow for uninterrupted fulfillment of all orders within the increased demand and record-high order portfolio. This portfolio was built on the basis of shifts in the implementation of large projects reported in previous quarters and the observed increased recipients investment activity. In addition, year 2020, as a result of the preventive actions related to the COVID-19 pandemic (a three-month reduction in wages and a subsidy from the FGŚP funds), is a high benchmark for the results of 2021 carried out in conditions of limited component availability.

In the opinion of the Management Board, in the second quarter of 2021 the LUG S.A. Capital Group was strongly influenced by supply shocks in the component market and faced problems in the supply chain area, however, the current level of orders allows for the assessment



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of the future situation as stable. At the same time, the Management Board of LUG S.A. carefully analyzes other risk factors, the most important of which are those related to debt collection, payment of liabilities and the development of the COVID-19 pandemic in the coming months.

The final values of the financial data presented in this report will be published in the periodic report for II quarter of 2021 on August 12, this year.

Legal basis: Article 17, para. 1 MAR – confidential information

Attachment: Estimated consolidated selected financial data of II quarter and cumulatively for I half of a 2021.pdf

Company's representative:

Ryszard Wtorkowski – CEO of the Management Board