

The background features a top-down view of wheat products. A wooden spoon in the upper left holds a mound of white flour, with some flour spilled around it. To the right, a wooden bowl is filled with golden-brown wheat grains. In the bottom right corner, a glass bowl contains more flour. A stalk of wheat is visible on the left side. The overall scene is set against a clean, light-colored background.

linas agro

AB Linas Agro Group

Overview of activities & finance

for H1 FY 2021/2022

1st of March 2022

Disclaimer

This document might include directly or indirectly expressed forward-looking statements, reflecting assumptions or current view of the Company's management. Group's future performance and results highly depend on the market conditions, regulations, climate changes and other various external factors or risks, that could therefore cause actual results to differ materially from those stated or implied in this document, as well as to the historically attained ones. Company encourages the reader to critically examine these forward-looking statements, furthermore invites to get acquainted with the scope of Group's risks and its' management in the set of annual financial reports, available on Company's web-page (<https://www.linasagroup.it/en/to-investors/company-reports/>).

For the more detailed representation of Group's results, this document might as well include non-audited alternative financial ratios or operating data. At all events, this alternative data shall not be viewed as a substitute for Company's IFRS based figures, but rather as broader or complementing illustration of the Group's financial performance and overall activity.

Today's presenter

Mažvydas Šileika

Finance Director & Contact for Investors

With AB Linas Agro Group since 2020

10 years professional experience including Banking & Shipping industries

Master's degree in Shipping, Trade and Finance / Cass Business School

Bachelor's degree in Management / University of Leeds

 +370 619 19 403

 m.sileika@linasagro.lt



We are international vertically integrated agribusiness & food Group

1991
Founded

2010
Listed since

5,398
employees

152
mEUR
Market
Capitalisation

856
mEUR
Conso revenue

39.2
mEUR
Conso EBITDA
(excl.IFRS16)

805
mEUR
Conso BS

28%
Capital ratio

5
Key activity
segments

1.9
m tons
Sales volume

564
ktons
storage
capacity
(own)

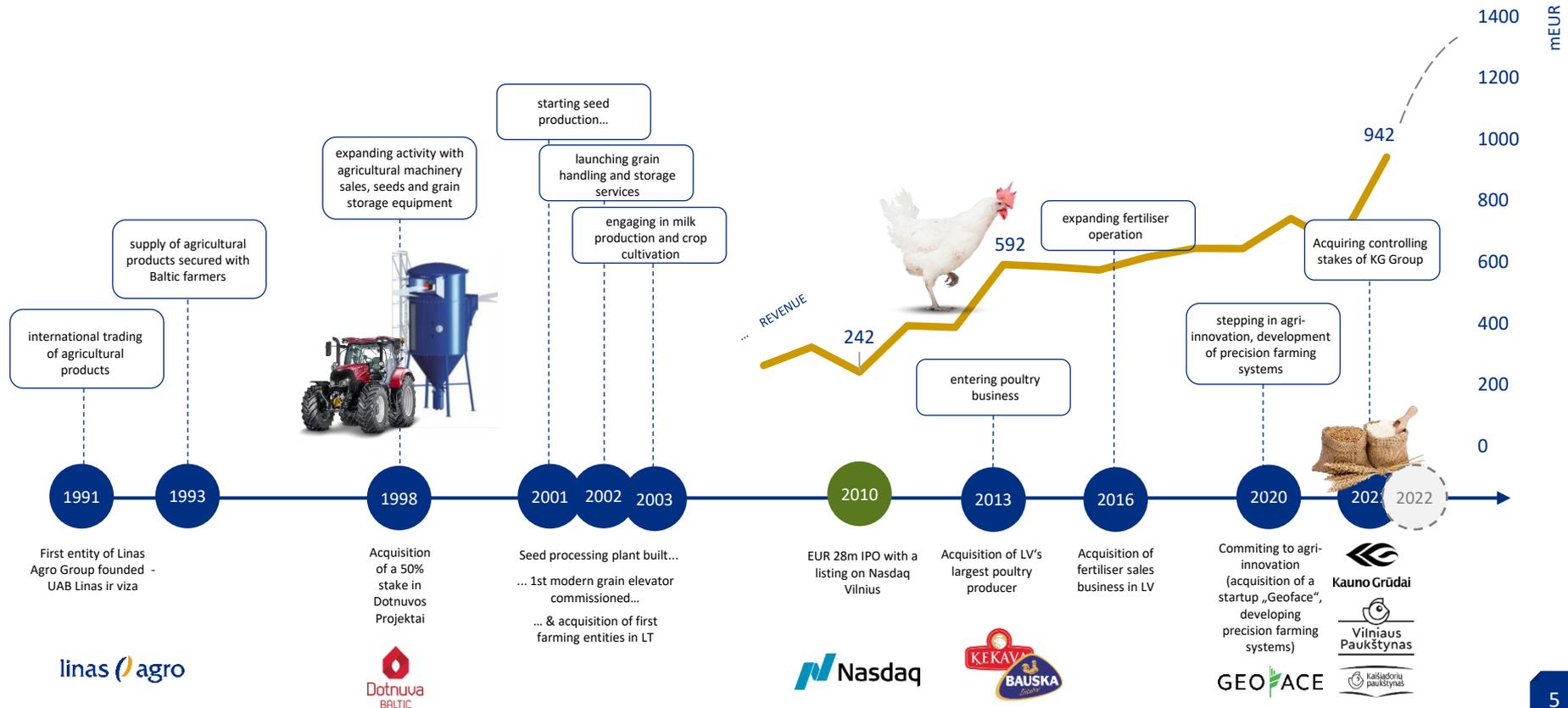
18 258
ha arable land
(5 923 ha
of which owned)

6 months data

*Consolidated revenue, EBITDA, sales volume, employees data – as of 31/12/2021, market capitalisation – as of 28/02/2022



Key milestones becoming the Group we are today



Linus Agro Group at the end of the reporting period

75

companies* in LT, LV, EE, UA, BY, PL, RU,
controlled by AB Linas Agro Group

Agri-machinery & agri-innovation

3 + 0
companies
servicing & selling
products to the farmers
LT, LV, EE

1 + 0
company
creating smart-
farming solutions
LT

Agricultural production

7 + 0
companies
farming (agricultural
production,
dairy cows, cattle)
LT

10 + 0
companies
land holding
LT

Grain, feedstuff and Agro inputs

4 + 8
companies
trading / merchandising
LT, LV, EE, UA, BY, RU, PL

5 + 1
6 companies
handling (elevators)
LT, LV

1 + 0
1 company
supporting the Group in
freight forwarding / LT

Food

5 + 12
17 companies
breeding, slaughtering,
production &
merchandising of
poultry;
flour, instant foods,
breadcrumb
production
LV, LT, NL

Other

0 + 5
5 companies
producing pet food,
disinfection, pest control
preparation, servicing
veterinary pharmacy,
providing logistic
services, owning assets
LT, UK, RU, BY

● - AB Linas Agro Group companies before acquisition ○ - newly acquired companies after acquisition

*out of 75 companies, 5 are management companies (not shown), 11 dormant companies (not shown) and 1 under liquidation (not shown); 1 company has activity in three segments, 2 - in 2 segments

Within H1 of FY2021/2022:

- continuous reorganisation actions for full consolidation of 3 elevator companies in LT (UAB KUPIŠKIO GRŪDAI, UAB Karčemos Bendrovė, UAB Linas Agro Grūdų Centrai).
- OOO GeoMiks was deregistered by merger with OOO VitOMEK

Key segments



	Products & services for farming	Agricultural production	Grain, Oilseeds, Feed	Food products	Other
Activity	Sales of seeds, plant protection products, fertilizers, agricultural machinery and equipment and installation of agricultural facilities	Cultivation of cereals, oilseed rape, sugar beet and other crops, production of milk	Trade in grain, oilseeds and feedstuffs; production and sales of compound feed; grain storage and logistics services	A whole cycle poultry business; wholesale of flour, flour mixes, breadcrumbs and breeding mixes, manufacture and wholesale of instant foods	Goods and services: pests control, hygiene, veterinary pharmacies; Production and sales: pet food
Key companies in the group	 linas / agro	linas / agro	 linas / agro	 	 Kauno Grūdai
Geography of operation	LT, LV, EE, BY	LT	LT, LV, EE, UA, BY, RU, PL	LV, LT, NL	LT, UK, RU, BY
Revenue of reporting period / share of total	EUR 186 m / 22%	EUR 21 m / 2%	EUR 517 m / 60%	EUR 162 m / 19%	EUR 20 m / 2%
EBIT of reporting period	EUR 25 m	EUR -1 m	EUR 0 m	EUR 0 m	EUR 2 m
Key customers and geographies	Farmers LT, LV, EE, BY	Mostly Linas Agro Group companies LT	Traders LT, LV, EE	Retailers, HORECA Baltics, Scandinavia, Poland, Russia, Middle East countries	B2B, retail chains, distributors CIS, Africa, Europe, Scandinavia
Key projects	<ul style="list-style-type: none"> Further development of intelligent farming (start-up GeoFace) Continuous effort towards agro machinery rent activity 	<ul style="list-style-type: none"> Continous modernisation of milk farms Active land portfolio management Biogas project 	<ul style="list-style-type: none"> Synergies of combined activity by KGG & Linas Agro Group (agricultural inputs business to be transferred to one company) 	<ul style="list-style-type: none"> Robotisation in production and logistics; energy saving projects Optimisation: suspension of KP slaughtering activity transporting birds for slaughter to VP synergies of combined activity by KGG & Linas Agro Group 	<ul style="list-style-type: none"> Scaling of pet food business

*As per results of financial year ended on 31/12/2021

Financial highlights

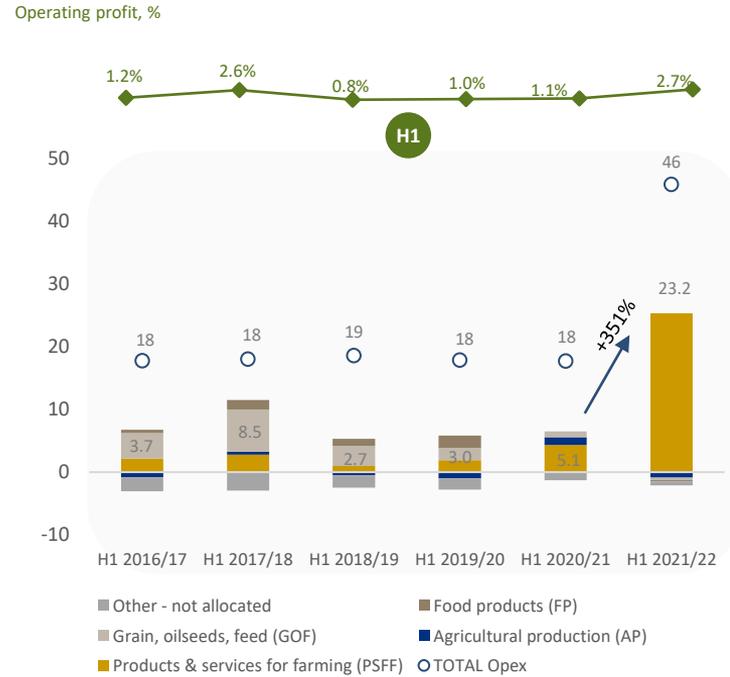
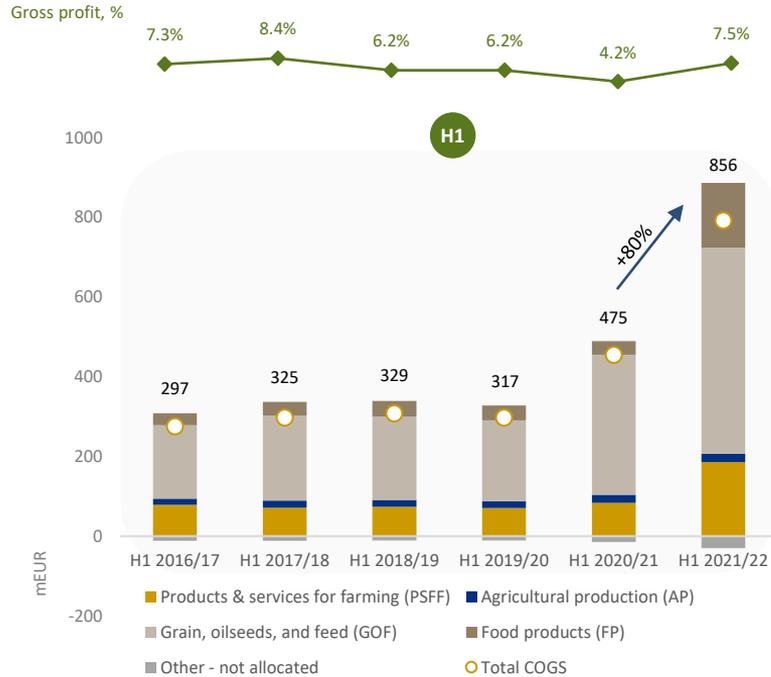
of FY 2021/2022

- ✓ Elevated sales (+80%) and restored profitability
- ✓ Modified sales structure (*stronger food & products for farmers positions*)
- ✓ BS - almost doubled in size
- ✓ Solid capital ratio – 28%
- ✓ Decreased leverage – 5.49x

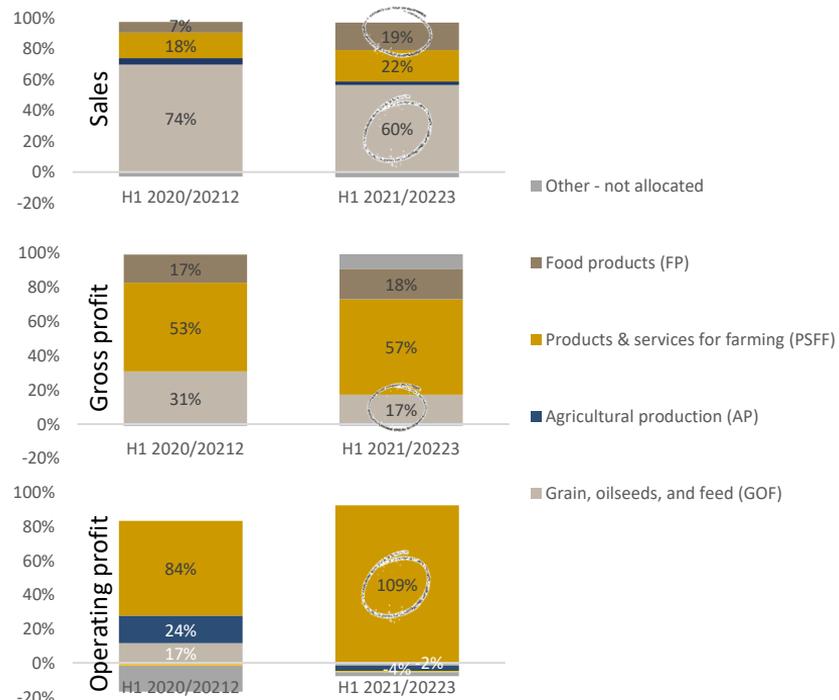
Fiscal year of the company starts on July 1st

Record high revenues of the reporting period

Dynamics in profitability & revenue per segment



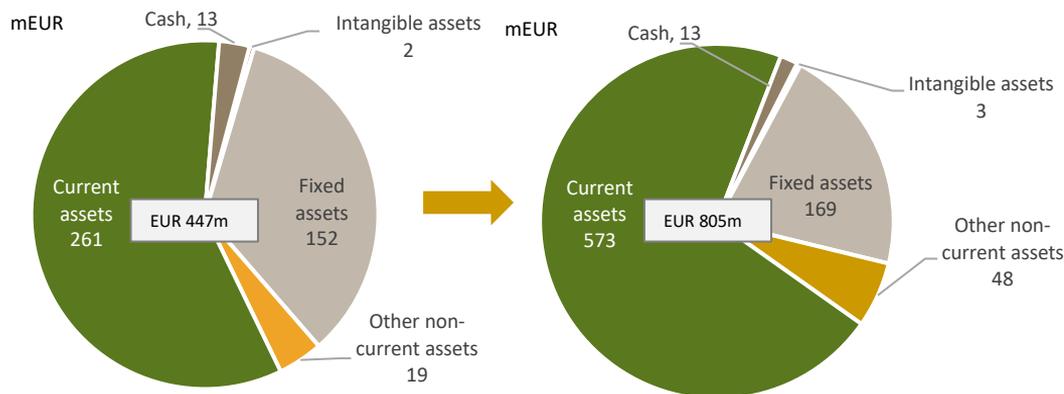
“Before and after” earnings’ structure



- Key revenue generator remained GOF segment, however regardless of 47% higher sales, segment’s share in sales structure diminished; trade was somewhat complicated – manoeuvring with lower yields and poor wheat quality, accepting price discounts due to irregular test weight, while still sourcing the grain in inflationary market; due to favourable stocks positions, management expects profitability to be restored towards the closing of the full financial year
- As intended with the purchase of KG Group, Food segment share became more visible in total sales portfolio; yet, due to loss-making poultry business, the sales share (75% of segment income), did not translate itself into corresponding operating profit share; new food additions (flour, breadcrumbs, instant foods – 25% of segment income) partially compensated the negative effects of meat production;
- Products and services for farmers were dominating the scene; while sales increased by 50% (stronger or moderate growth in all sub-categories), the operating profit scored almost 5x, mostly thanks to higher profitability in fertilizer, plant protection products sales;

Boosted Balance Sheet

Total assets H1 2020/2021 vs H1 2021/2022



- Balance sheet mainly comprises of Current assets and S/T liabilities that reflect inventory from trading activity and farmer financing
- Majority of S/T debt is used to finance RMI, the second largest part is receivables from farmers
- Equity position of the Group: 223m EUR; Capital ratio remains solid - 28%
- 12 months adj. pro - forma EBITDA: 57mEUR, NetDebt/EBITDA: 5.49x

Liquidity position

>370

mEUR total committed factoring and credit lines were available on 31/12/2021 under contracts with the banks

Investments

10

mEUR total investments within H1 2021/2022

Products and services for farming

Since 1993

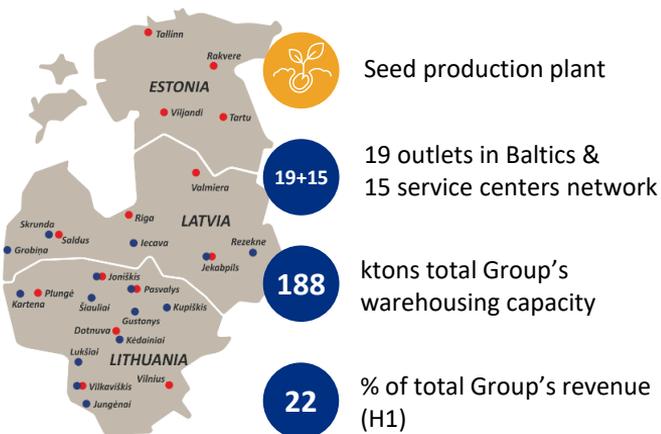
- ✓ Certified seed
- ✓ Fertilizers
- ✓ Plant protection products
- ✓ Micronutrients
- ✓ Grain storage facilities and farm equipment
- ✓ Agricultural machinery
- ✓ Spare parts and service
- ✓ Smart farming system

Key data and latest developments

- **During H1 2021/2022:**

- intelligent farming start-up GeoFace - new functionalities installed, monetization still on hold
- new service center in Utena
- increased storage capacity for fertilizers, plant protection products (after acquisition of KGG + 97 ktons)
- materially higher profitability, strong impact from fertilizers, plant protection products categories

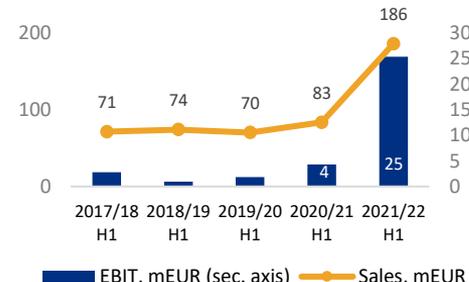
On 31/12/2021:



Key trends in sales of H1 2021/2022*:



H1 2021/2022 was a show time for the segment:



*Compared to results of previous financial year

Agricultural production

Since 2003

- ✓ Cereals growing
- ✓ Rapeseed growing
- ✓ Sugar beet growing
- ✓ Milk production
- ✓ Beef cattle rearing

Key data and latest developments

• **During H1 2021/2022:**

- a) 19% less crops were harvested in tons (compared to corresponding period last year), biggest loss on summer plants;
- b) despite of a bit higher number of cows, volumes of milk produced was slightly lower, though characterized by better qualitative parameters; latter and continuously high milk prices led to growing milk sales revenue;
- c) operating result includes EUR 0.6 m gain from the sale of agricultural land;
- d) for the harvest of FY 2021/2022 over 10 thousand ha were sown; at the end of the reporting period, winter crops were insured, and their quality was assessed as very good or good

On 31/12/2021:



7

agricultural companies

ha

18,258 ha – arable land, out of which 5,923 ha owned



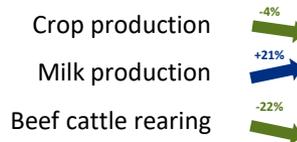
3,224 dairy cows

2

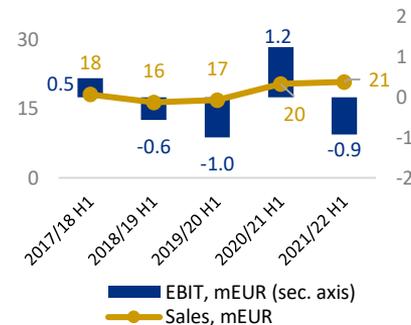
% of total Group's revenue (H1 2021/2022)



Key trends in sales of H1 2021/2022*:



Strong “milk” performance and high grain prices offset the impact of lower harvest, but only sales wise



* Compared to results of previous financial year

Grain, oilseeds, feed

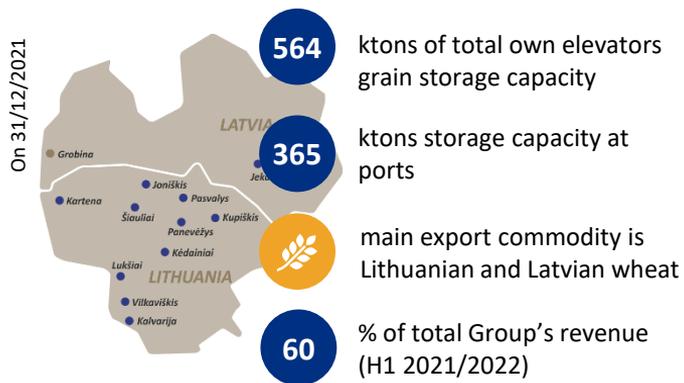
Since 1991

- ✓ Grain storage and preparation
- ✓ Logistic services
- ✓ Feedstuff
- ✓ Grain
- ✓ Oilseed
- ✓ Ecologic grain and oilseeds

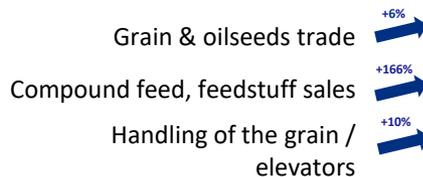
Key data and latest developments

- **During H1 2021/2022:**

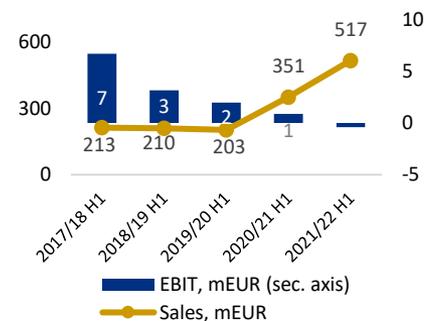
- Linus Agro OU - company in Estonia starts trading activity
- continuous reorganization of elevator companies (aim to achieve full consolidation of three elevator companies in LT)
- increased storage capacity – both, in own storage base and at ports (after acquisition of KG Group)
- key challenges: lower yields, poor wheat quality, high price volatility



Key trends in sales of H1 2021/2022*:



High scale isn't everything



* Compared to results of previous financial year

Food products

Since 2013

- ✓ Full poultry manufacturing cycle:
 - Feed mill plant
 - Parent flocks
 - Chicken from locally laid eggs
 - Broiler
 - Poultry meat products
- ✓ Manufacture and wholesale of flour, flour mixes, breadcrumbs, breeding mixes, instant foods

Key data and latest developments

- **During H1 2021/2022:**

- a) new profitable food additions after acquisition of KG Group (flour, breadcrumbs, instant foods)
- b) loss making poultry business, due to overproduction in Europe, as well as low prices of pork substitute, current poultry price does not cover elevated expense
- c) optimisation effort: after reporting period shutting down AB Kasiadoriu paukstynas slaughtering facility

On 31/12/2021:



Key positions among poultry producers in LV and LT



flour, breadcrumbs, instant foods



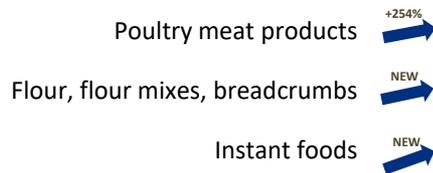
Poultry raised without antibiotics in LV
Poultry raised without antibiotics in LT



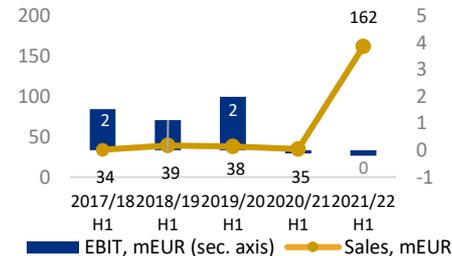
% of total Group's revenue (H1 2021/2022)



Key trends in sales of H1 2021/2022*:



EBIT goes down as a result of increasing expense & continuous overproduction in Europe



* Compared to results of previous financial year

Other activities

Since 2021

- ✓ Pests control, hygiene products, disinfection
- ✓ Pet food production and sales
- ✓ Veterinary pharmacy
- ✓ Other

Key data and latest developments

- **During H1 2021/2022:**

- a) new activities in the Group after acquisition of KG Group
- b) key challenges in extruded products, pet feed category: sharp rise in commodity prices and high competition in the market led to deteriorating profitability
- c) the need for disinfection services is gradually declining as pandemic restrictions ease; total phase-out of COVID19 related disinfection services would result in around 5% turnover reduction of pest control and hygiene products

On 31/12/2021:



production facilities of extruded products in Alytus (LT)



% of total Group's revenue (H1 2021/2022)



Key trends in sales of H1 2021/2022*:

Extruded products, pet feed



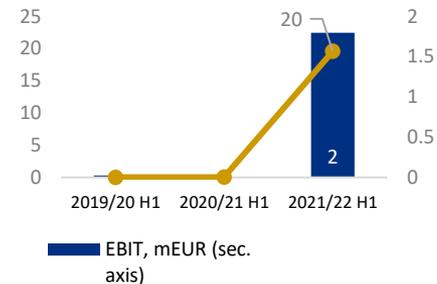
Veterinary pharmacy



Pests control, disinfection



Dynamics in sales and EBIT:



* Compared to results of previous financial year

Drivers for the 2nd half of the year...

- Obtaining synergies of post merger LNA - (agricultural inputs business to be transferred to one company)
- Sustainability focus
 - Determining sustainability strategy of the expanded Group
 - New renewable energy projects/investments in the pipeline
 - Perceiving LNA share and debt as an acceptable green investments (investor's and financial partners' perspective)
- Geoface – further development and intended monetization
- Continuously active land portfolio management
- Winter sowing crop growth considered very good to good

... & key developments after reporting

- January 2022 – completed acquisition of the UAB Agro logistic service, strategic partner of KG Group companies in the feedstuff trading business
- March 2022 - suspension of AB Kasiadoriu paukstynas slaughtering activity transporting birds for slaughter to AB Vilniaus paukstynas
- in the light of the current situation in Ukraine - AB Linas Agro Group is replanning its activities; The companies of the Group will look for alternative suppliers and will not plan or execute new transactions with Russian and Belarusian businesses

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Thank you