

AB Akola Group

Overview of activities & finance For 9 months of FY 2023/2024

23rd of May, 2024

akola
GROUP



Disclaimer

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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.

The Speaker

Mažvydas Šileika

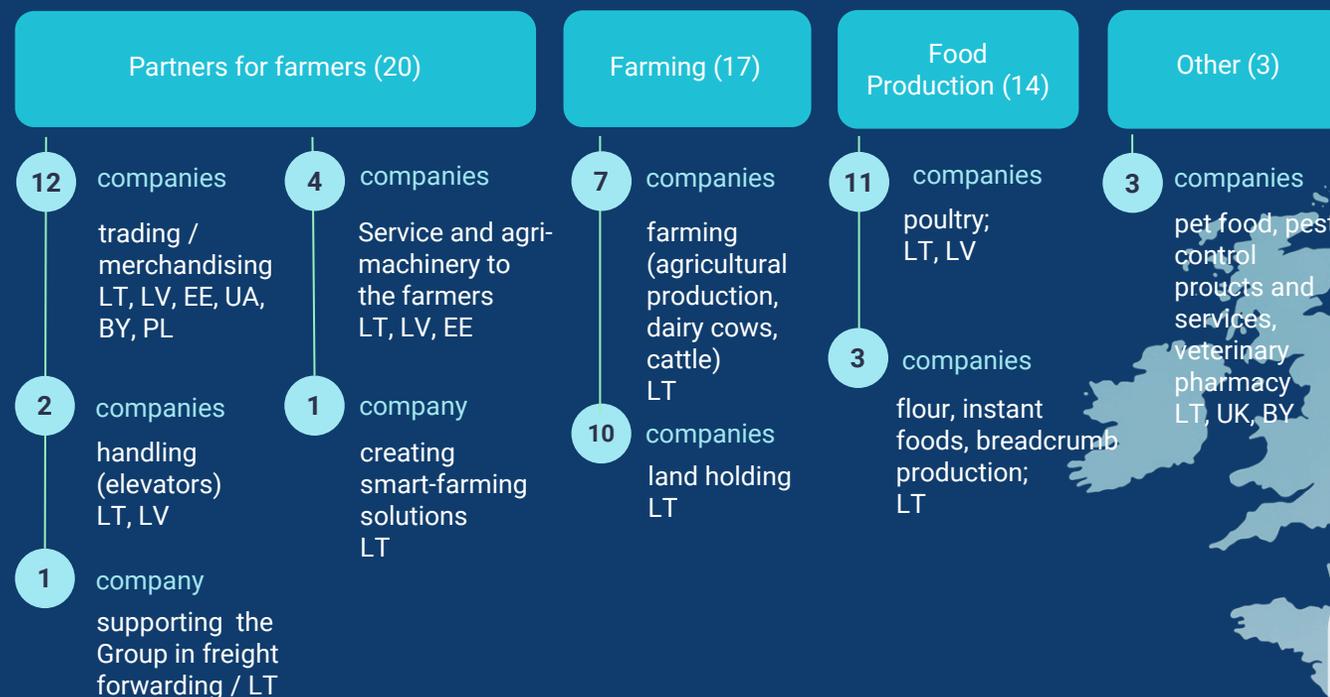
CFO & Contact for Investors
m.sileika@akolagroup.lt

With AB Akola Group since 2020
>10 years professional experience including
Banking & Shipping industries
Master's degree in Shipping, Trade and Finance /
City University London Bayes Business School
Bachelor's degree in Management /
University of Leeds



Agribusiness & food group

63 subsidiaries 3 associates



*2024-March-31:

Out of 63 companies, not shown in the structure are: 4 management companies, 7 dormant companies, 1 under liquidation, 1 company have activity in three segments, 1 company – in two segments

Within Q3 of 2023/2024:

- AB Akola Group invested in beverage startup OMG Bubble Tea (associate)
- KB Grybai LT restructured into UAB Grybai LT
- UAB KG Distribution, UAB KG Logistika, UAB Gastroneta – liquidated
- SIA Broileks, SIA Cerova and SIA Lielzeltini merged with AS Kekava Foods (previously - AS Putnu Fabrika Kekava)

& after reporting period:

- AB Akola Group invested in beverage startup Brite Drinks LTD
- Reorganization initiated - UAB GERERA will be merged into UAB Linas Agro Grūdu Centrai and will terminate as a legal entity

Financial highlights for 9 months 2023/2024

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167,170,481*
Ordinary shares

167
MCap
mEUR

EBIT, %

2.2%

9m 23/24

5Y avg 1.3%

2.7%

9m 22/23

P/E

22.6

9m 23/24

5Y avg 21.3

2.9

9m 22/23

ROCE, %

4.5%

9m 23/24

5Y avg 8.2%

18.4%

9m 22/23

EPS, €

0.04 €

9m 23/24

5Y avg 0.2 €

0.55 €

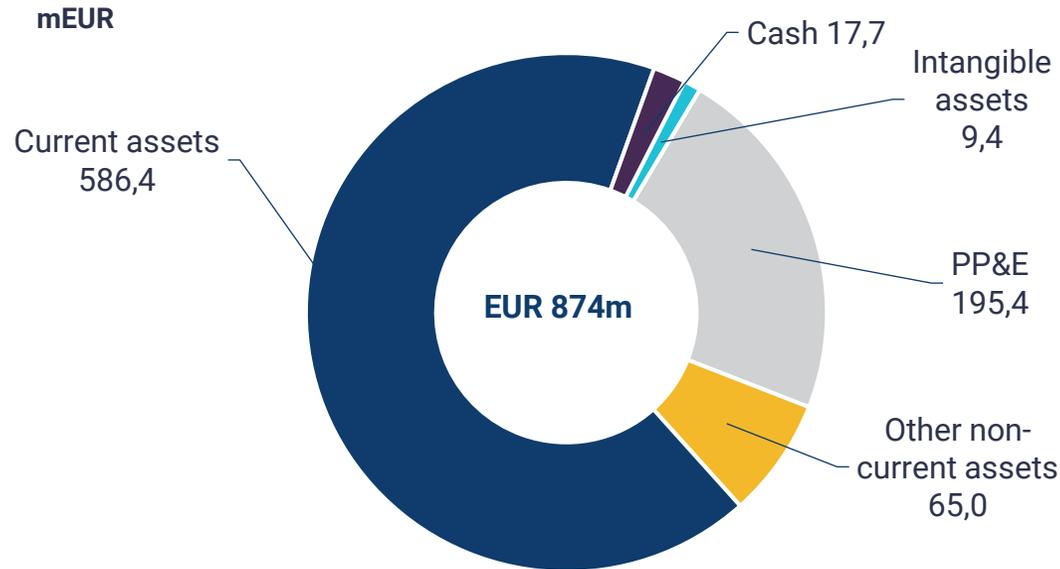
9m 22/23



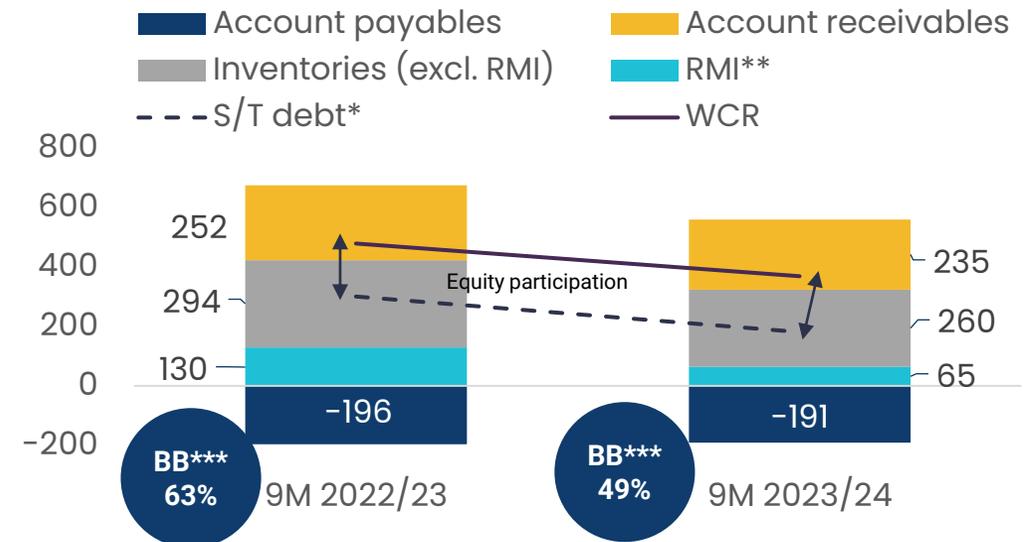
NOTE: ROCE, EPS, P/E - as 12 months rolling basis result / Market capitalisation – 28-March-2024 / *167,170,481 ordinary shares at 28-March-2024

Balance Sheet

Total assets 31-Mar-2024



S/T debt portfolio



Liquidity position

~490 mEUR – available lines

~29 mEUR – capex

Debt composition

42% L/T debt, including leases

311 mEUR total debt, including leases

Capital employed

~303 mEUR - equity position of the Group; **Capital ratio** remains solid - **35%**

mEUR 12 months rolling EBITDA
Net Debt / EBITDA: 5.7x
Net RMI adj. Debt / EBITDA: 4.5x
 (vs l/t strategic target <= 4.0)

* S/T debt does not include current portion of L/T debt / **RMI - Readily Marketable Inventories / ***BB – borrowing base ratio

Group Segment revision

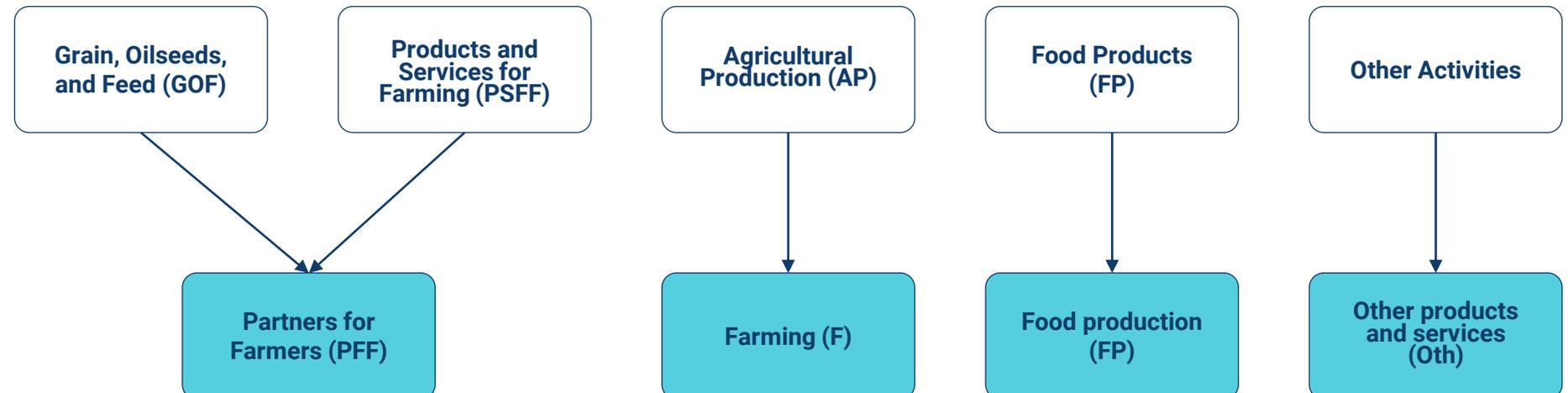
The idea behind the change:

simplifying the structure and resource allocation within segments / adapting it better for Group's strategic vision implementation assessment / emphasizing the circular nature of the activities

Key principles mapping
previous Segments with new
Segments:

- Segments "Grain, Oilseeds, and Feed" and "Products and Services for Farming" merged into one;
- Except for AB Kauno grūdai, that continue to be active in 3 Segments, all the other companies of the Group are delivering results to only one Segment

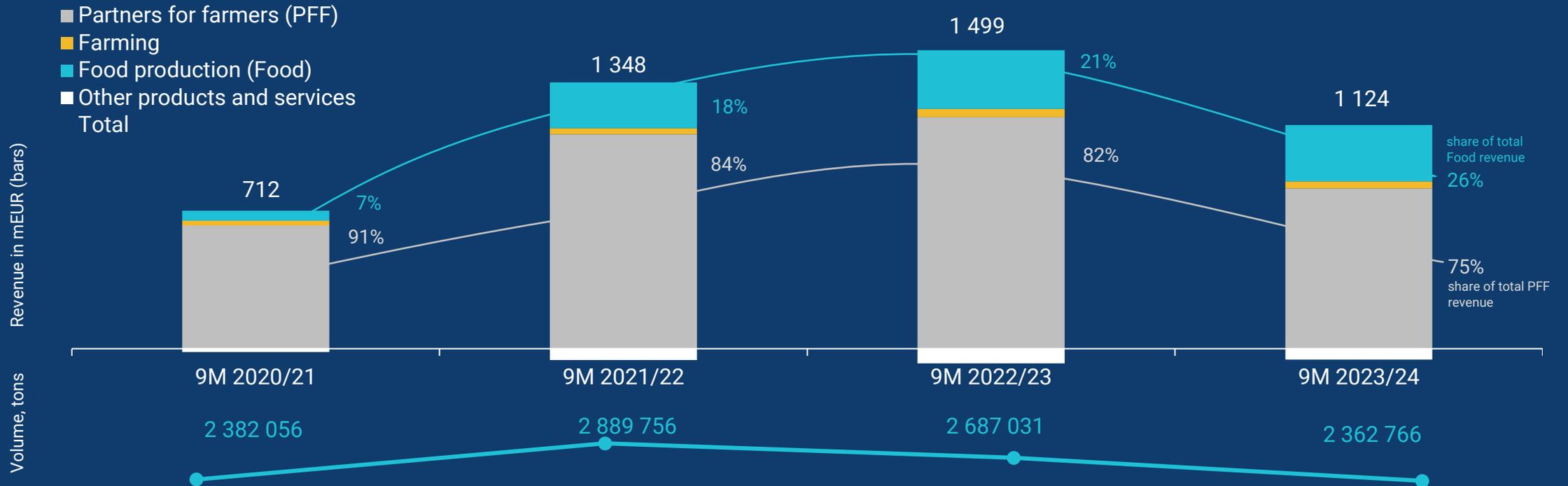
Group Segments up until
30/06/2023:



Group Segments starting with
01/07/2023:

Volumes down, prices even more so

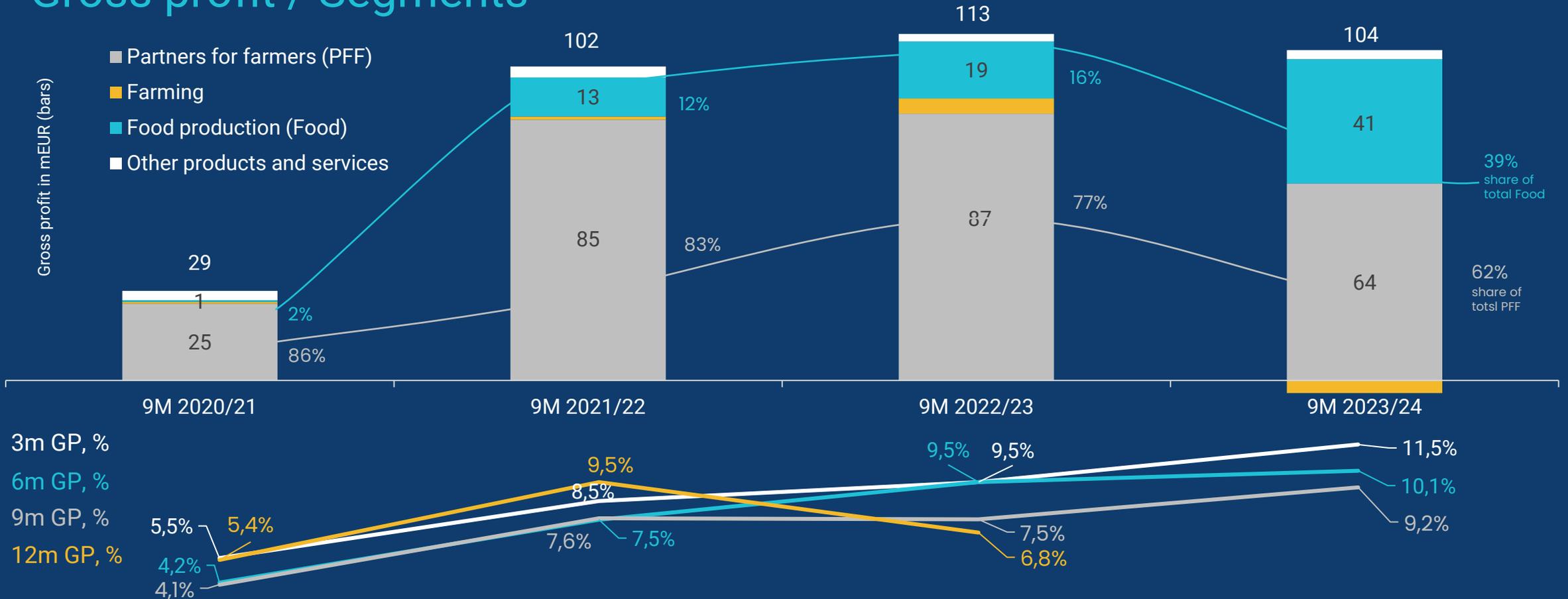
Segment dynamics



- The revenue of 9 months 2023/2024 was 25% lower y-o-y compared to 12% y-o-y contraction in volumes, suggesting avg. **price correction downwards (despite price positive changes in product portfolio)**
- The segment responsible for volume decrease was PFF (-15%) through depletion in grain trade category, somewhat offset with positive feed and inputs quantities; segment revenue was 31% less y-o-y
- Despite gains in volume – Farming segment top line illustrated grain and milk price corrections
- Food segment delivered similar volumes and revenue y-o-y

& ironically historically highest 9 months GP, %

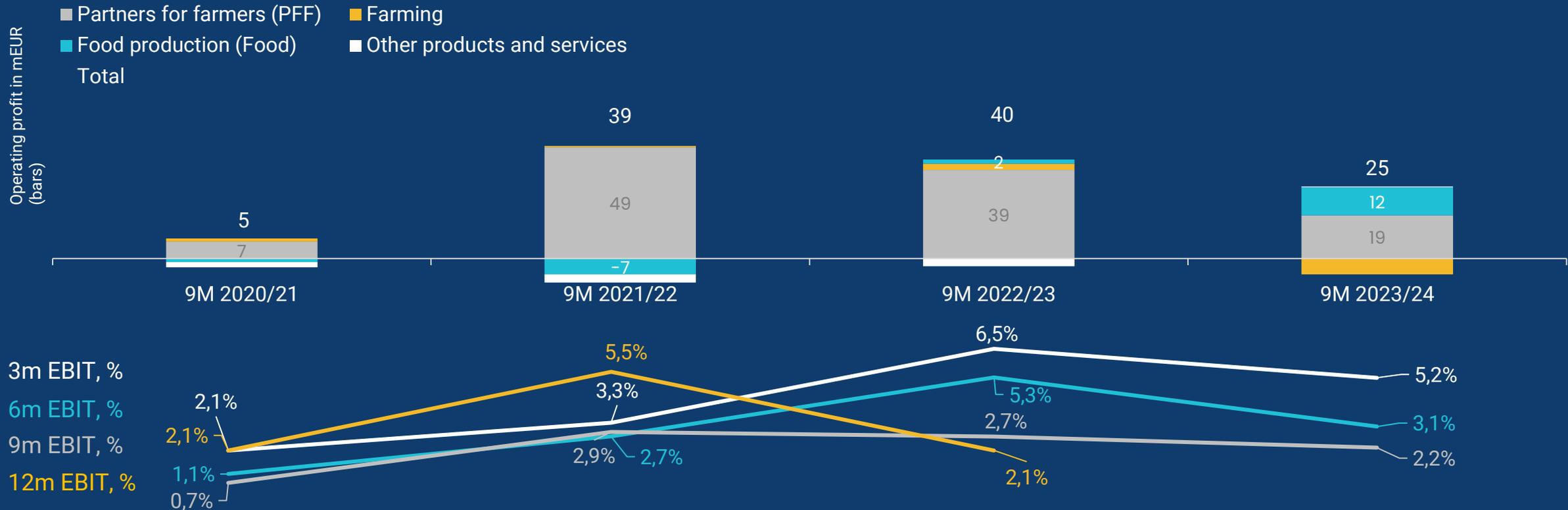
Gross profit / Segments



- GP%: 2023/24 9 months 9.2% vs 5Y 9 months average 5.9%
- Improvement in gross profitability is related with diluted share of trading business and turnaround in poultry activity, delivering overall strong **food segment performance (higher margins)**
- **Farming segment** - on the contrary **at historical lows**, due to weak performance in both – crop and milk production categories

Operating profit

Operating profit / Segments



- EBIT%: 2023/24 9 months 2.2% vs 5Y 9 months average 1.3%
- 2023/2024 9 months EBIT% is a combination of increase in OPEX (8%) in contrast to decrease in revenue (-31%) y-o-y
- Strong input from Food production segment, though weak results of PFF and Farming segments

Partners for farmers (1)

Our major locations:



Activity explained:

- Grain storage and preparation
- Ecologic grain and oilseeds
- Compound feed, feedstuff
- Grain
- Oilseed
- Logistic services
- Agricultural machinery
- Grain storage facilities and farm equipment
- Spare parts and service
- Smart farming system
- Certified seed
- Fertilizers
- Plant protection products, micronutrients

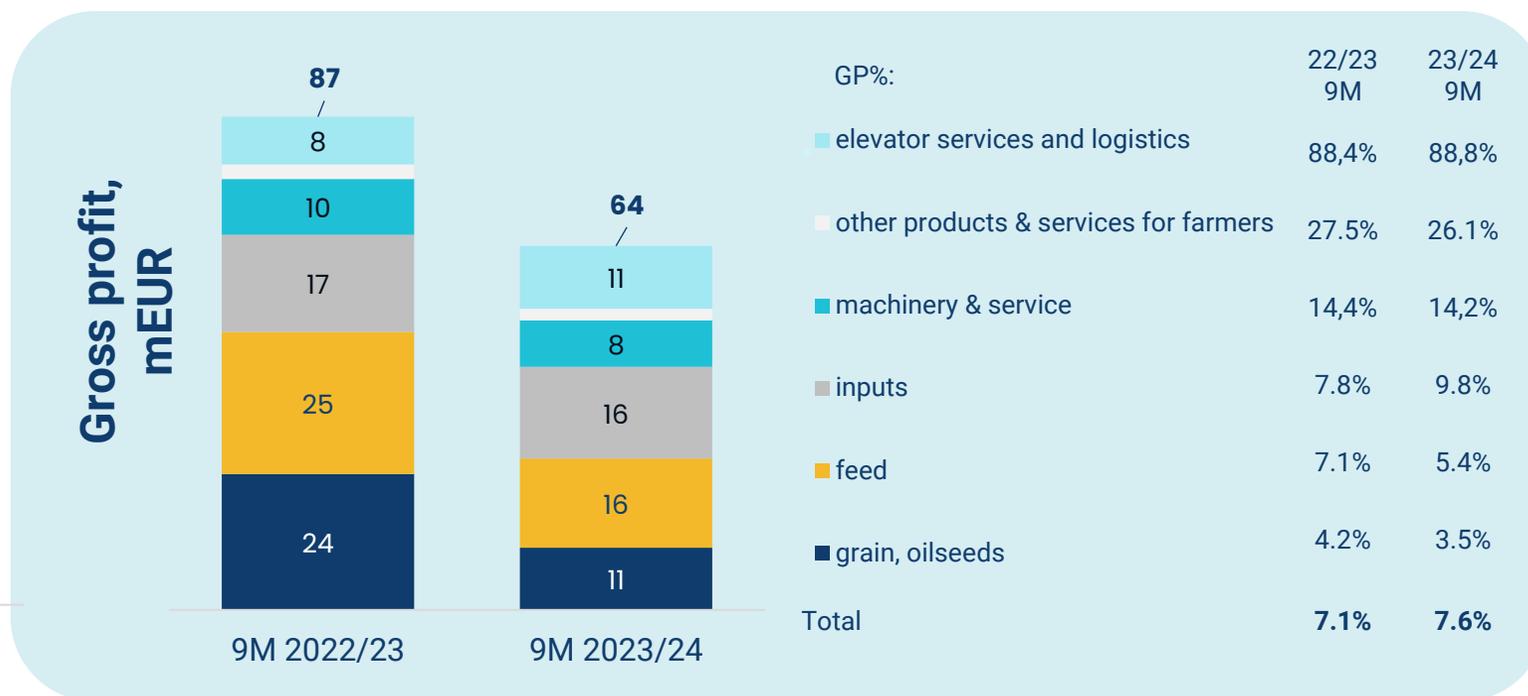
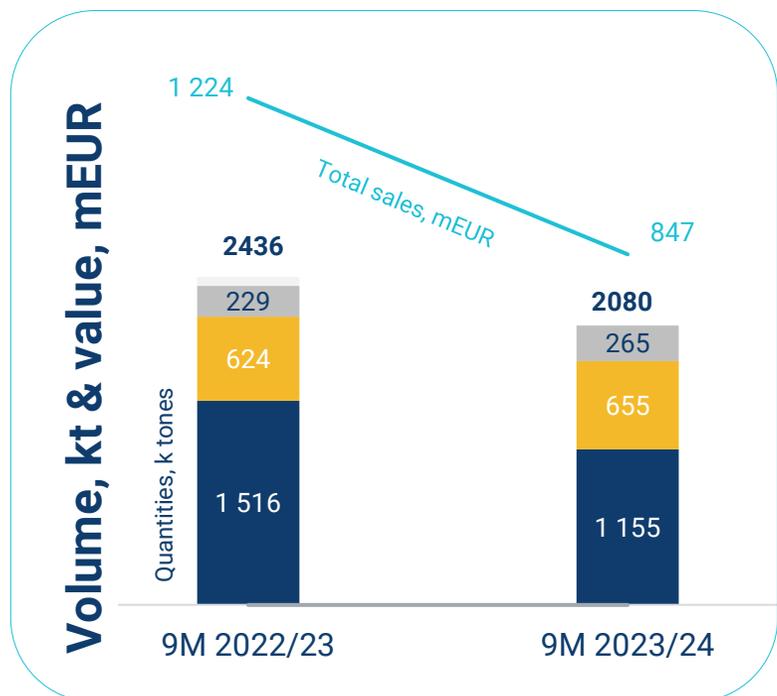
Key export Markets:



Key facts:

-  Main export commodity is Lithuanian and Latvian wheat
-  605 thousand tons total capacity of grain storage
-  296 thousand tons storage Capacity at ports
-  288 ktons of annual compound feed production capacity
-  6 ktons of annual premixes production capacity
-  12 feed retail stores
-  30 ktons total capacity of seed production plant
-  187 ktons total capacity for warehousing seeds, fertilizers, plant care products
-  16 sales outlets
-  13 service centers

Partners for farmers (2)



- **Grain storage and logistics** – higher income from drying services, continuously strong GP;
- **Grain and oilseeds trade** – lower quantities traded; strong competition among exporters, RU active exporter and discounter; still - satisfactory GP%
- **Feed business** – strong results of compound feed category were outweighed with deteriorated margins in raw materials and feed additives trade (Poland's import and transit restrictions on Ukrainian raw materials; competition remained tough with RU & BY origin raw materials circulating in the market)
- **Inputs** – quantities wise key input categories were growing, normalized profitability of seeds and fertilizers trade, however plant protection and micronutrients category way below average mainly due to supply surplus in the market;
- **Agricultural machinery** – highly competitive market, farmers cautious to take investment decisions, however strong performance from rental services category; despite revenue decreases GP% kept with the budget



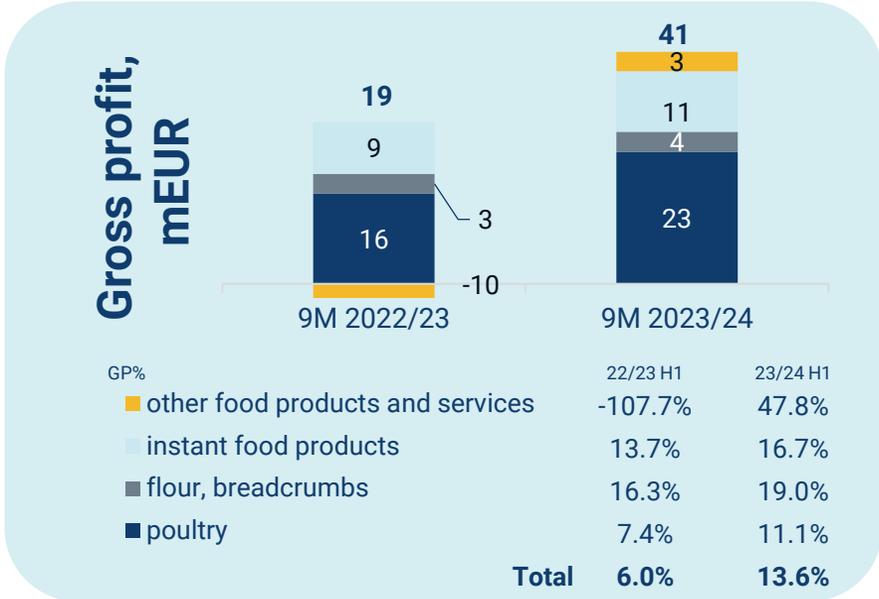
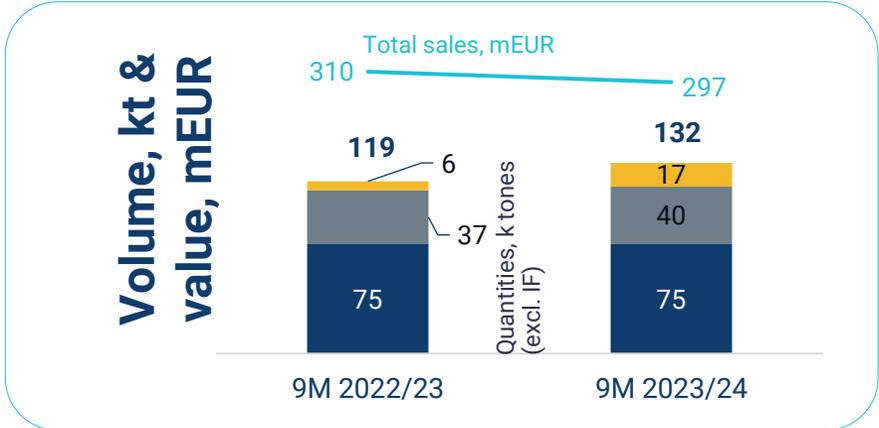
Food production

Activity explained:

- Manufacture and wholesale of flour, flour mixes, breadcrumbs, breading mixes, instant foods
- Full poultry manufacturing cycle

Poultry business: stable production results, restored profitability; prices slightly below the level of 22/23, though materially offset by feed and energy cost decreases; competition remains tense with gradually recovering supply after again viable sector's business case

Other foods. Instant and ready to eat foods: lower quantities, though record high profitability, illustrating a decline in cost with slower correction in sales prices (even though some repricing ongoing); 23/24 9M results include 8 months of Grybai LT activity; **Flour & Coating systems:** improving profitability, new clients & geographies added



Key facts:

- Top poultry producer in LV and LT
- Major flour producer in Lithuania
- Sole producer of instant noodles in the region
- 10 Retail shops (SIA PFK Trader)
- 90.1 thousand tons of live weight meat produced (9m of 23/24)
- Private label contractor
- 75% antibiotics free birds in Lithuania
100% antibiotics free birds in Latvia

Agricultural production

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

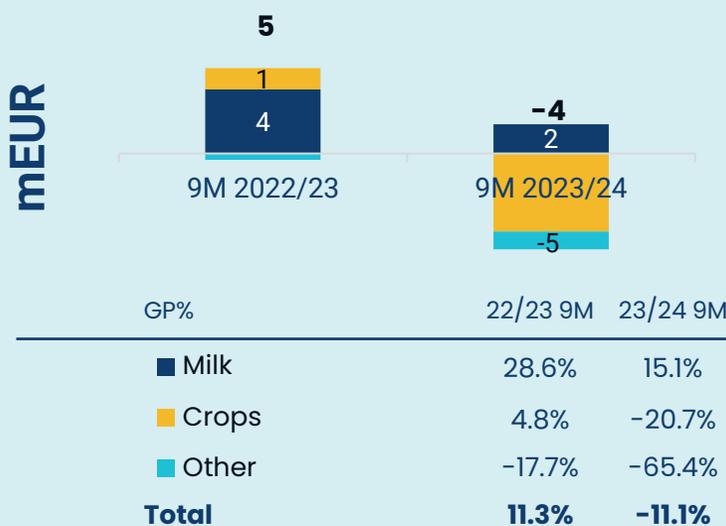
Excluding increased sugar beet production, **harvested quantities** would be more or less flat y-o-y; 30-35% lower production prices with inputs cost decreasing at lower pace; negative gross margin result related to the **write-down of the sold inventory cost** (on the basis of the biological assets fair value as at 30 June 2023, EUR -7.4million); for **the harvest of the 2024**, Group companies have sown 19 thou. ha area; crop condition so far considered to be very good, 50% of 2024 harvest already pre-contracted;

Milk production: somewhat better raw milk purchase prices y-o-y, however costs remain high (internal feed production); more significant price increases not expected before autumn of 2024

Volume, kt & value, mEUR



Gross profit, mEUR



Key facts

19,072 ha – arable land, out of which 6,176 ha owned

3,220 dairy cows

29 thousand tons of raw milk (9m 23/24)

128 thousand tons of crop harvest (9m 23/24)

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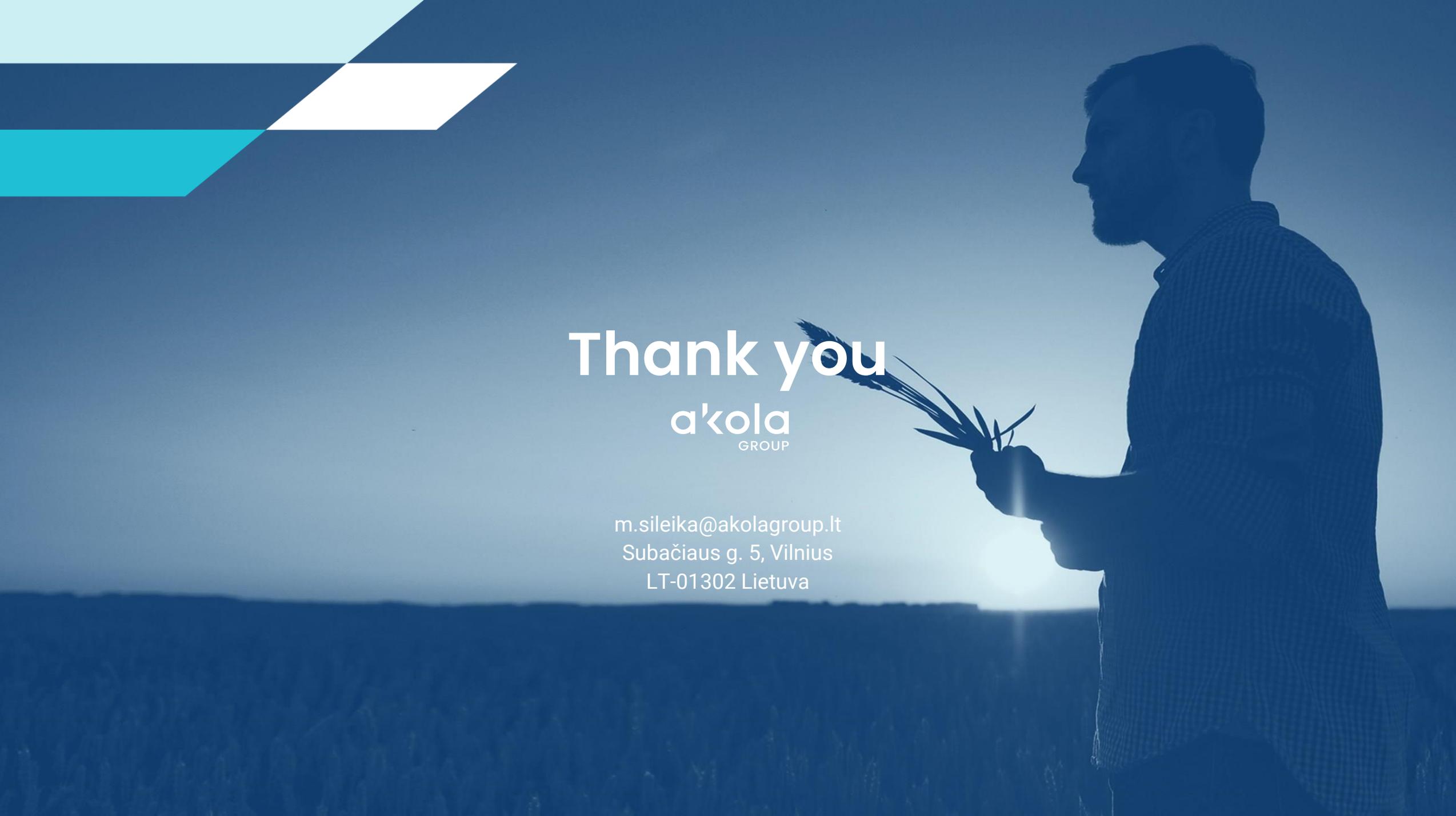
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- ✓ Notification on material event
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Thank you

a'kola
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m.sileika@akolagroup.lt
Subačiaus g. 5, Vilnius
LT-01302 Lietuva