

AB Akola Group

Overview of activities & finance For 6 months of FY 2023/2024

22nd of February, 2024

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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

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Mažvydas Šileika

CFO & Contact for Investors

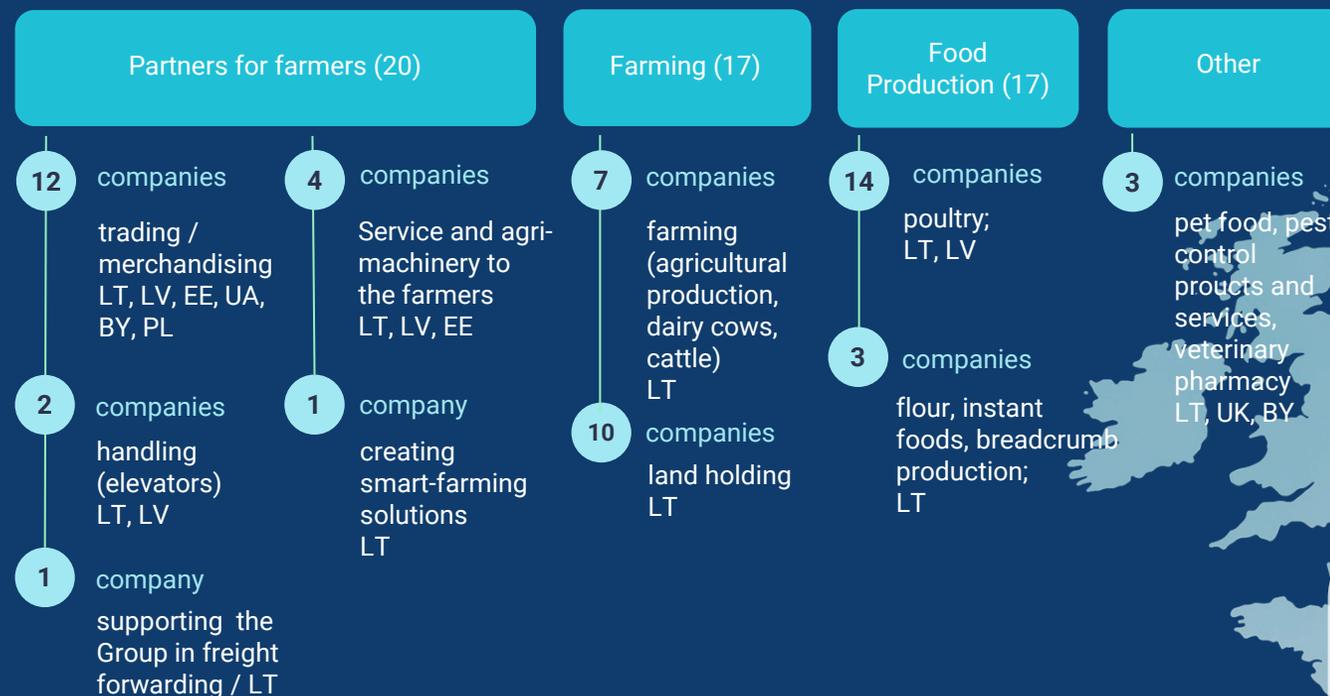
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With AB Akola Group since 2020
>10 years professional experience including
Banking & Shipping industries
Master's degree in Shipping, Trade and Finance /
City University London Bayes Business School
Bachelor's degree in Management /
University of Leeds



Agribusiness & food group

70 subsidiaries 2 associates



*2023-December-31:
Out of 70 companies, not shown in the structure are: 4 management companies, 7 dormant companies, 5 under liquidation, 1 company have activity in three segments, 1 company – in two segments

Within H1 of 2023/2024:

- AB Linas Agro Group completed the acquisition of part of the business from AUGA Group, AB
- The split-off from Landvesta 1 UAB resulted in foundation of UAB Sunvesta UAB

& after reporting period:

- UAB KG Distribution, UAB KG Logistika, UAB Gastroneta, UAB VKP valdymas – liquidated
- SIA Broileks, SIA Cerova and SIA Lielzeltini merged with AS Kekava Foods (previously - AS Putnu Fabrika Kekava)

Financial highlights for 6 months 2023/2024

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167,170,481*
Ordinary shares

190
MCap
mEUR

EBIT,%

3.13%

6m 23/24

5Y avg 2.18%

5.26%

6m 22/23

P/E

-14.66

6m 23/24

5Y avg 13.46

1.72

6m 22/23

ROCE,%

0.89%

6m 23/24

5Y avg 6.25%

19.1%

6m 22/23

EPS, €

-0.08 €

6m 23/24

5Y avg 0.21 €

0.78 €

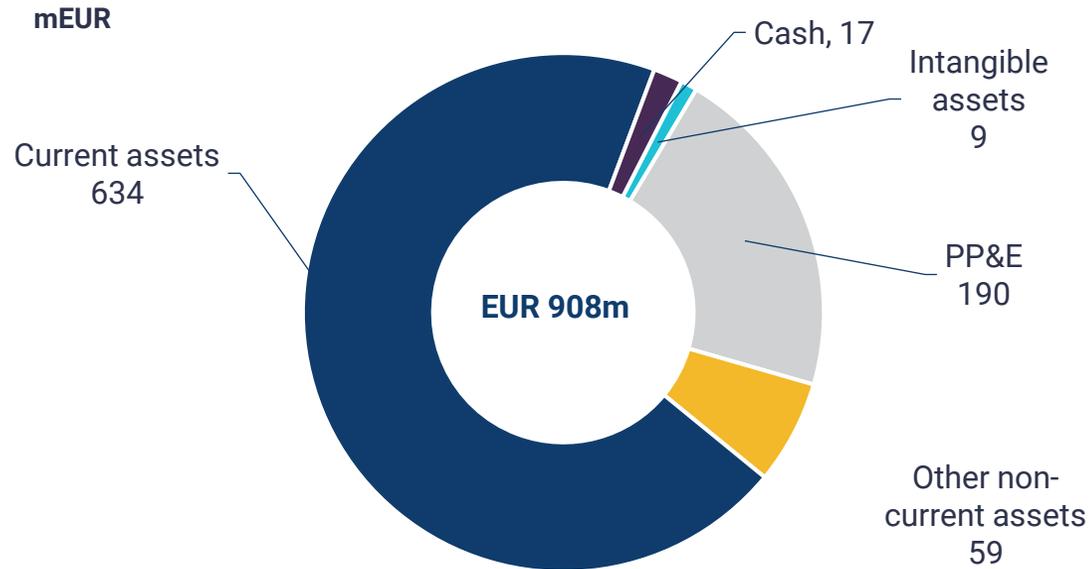
6m 22/23



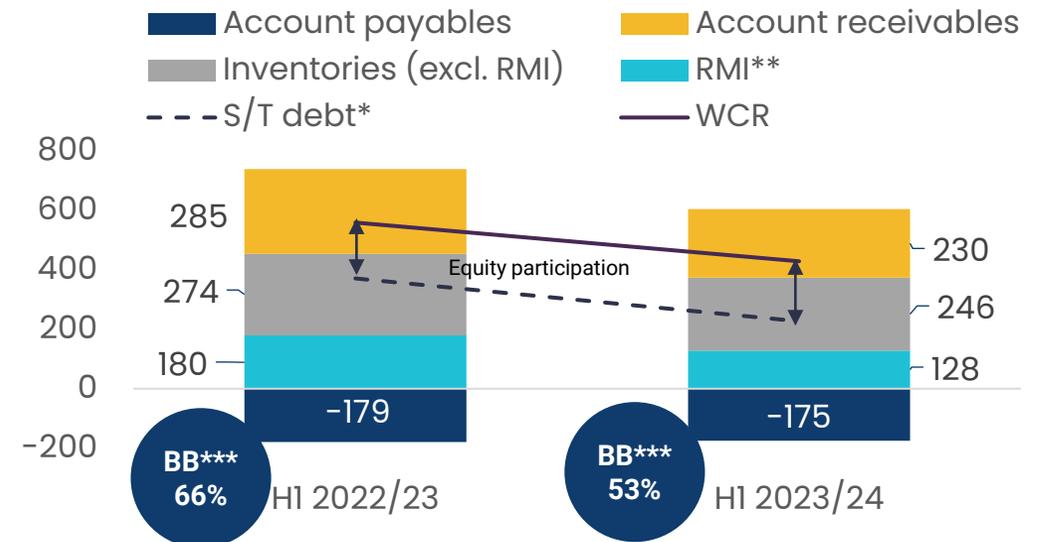
NOTE: ROCE, EPS, P/E - as 12 months rolling basis result / Market capitalisation – 31-December-2023 / *167,170,481 ordinary shares at 31-December-2023

Balance Sheet

Total assets 31-Dec-2023



S/T debt portfolio



Liquidity position

- ~520** mEUR – available lines at the day of the webinar
- ~19** mEUR – capex

Debt composition

- 37%** L/T debt, including leases
- 359** mEUR total debt, including leases

Capital employed

- ~306** mEUR - equity position of the Group; **Capital ratio** remains solid - **34%**
- mEUR 12 months rolling EBITDA
Net Debt / EBITDA: 11.0x
Net RMI adj. Debt / EBITDA: 7.3x
(vs l/t strategic target \leq 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

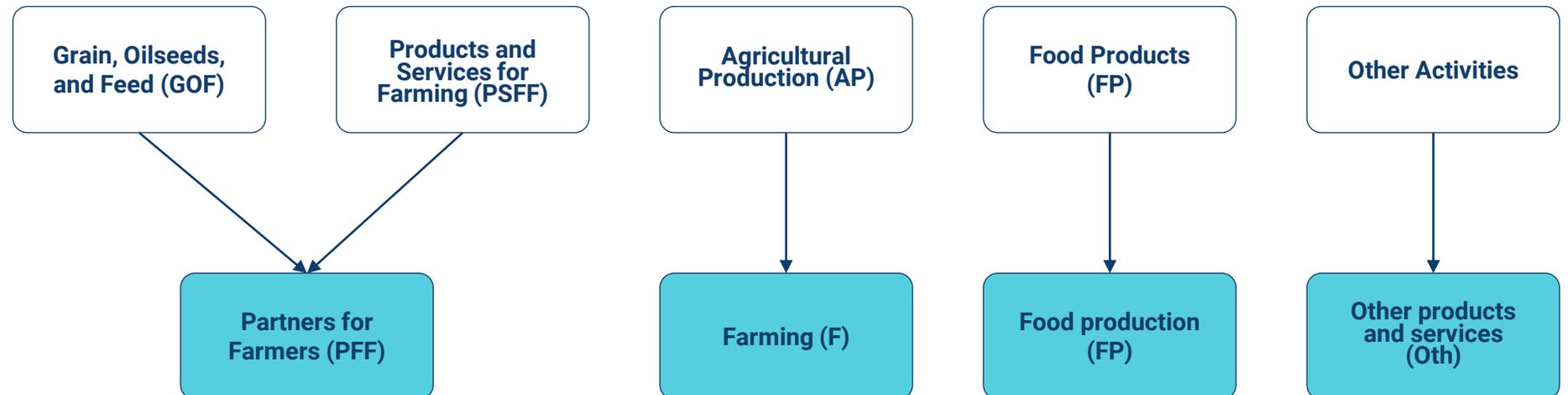
The idea behind the change:

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:

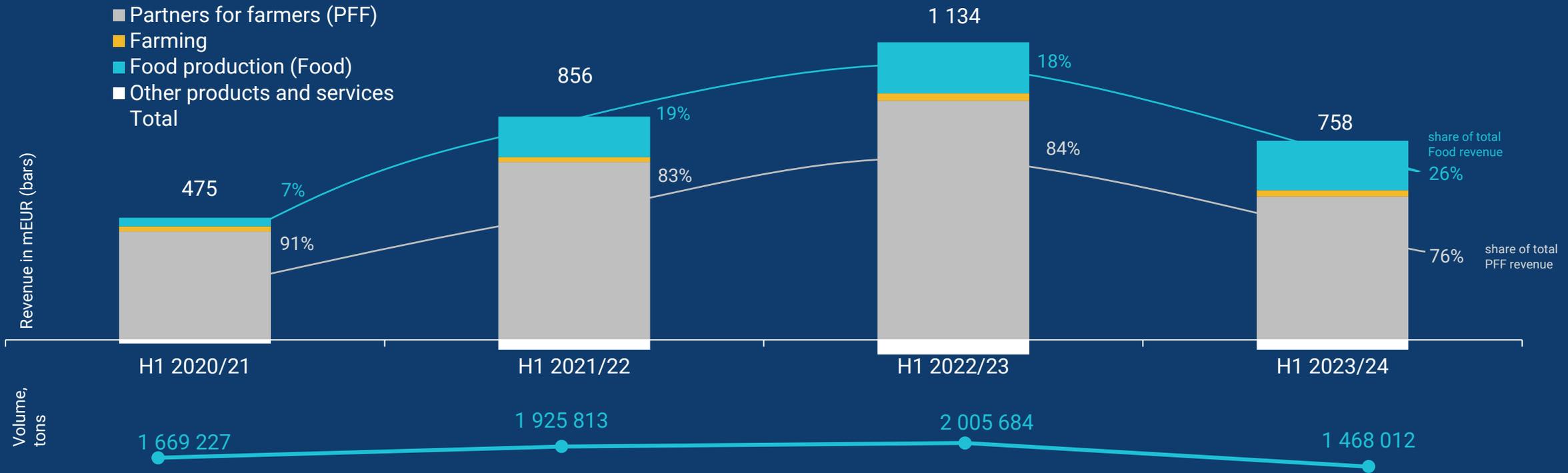


Group Segments starting with
01/07/2023:

Lower volumes caused decrease in revenue ...

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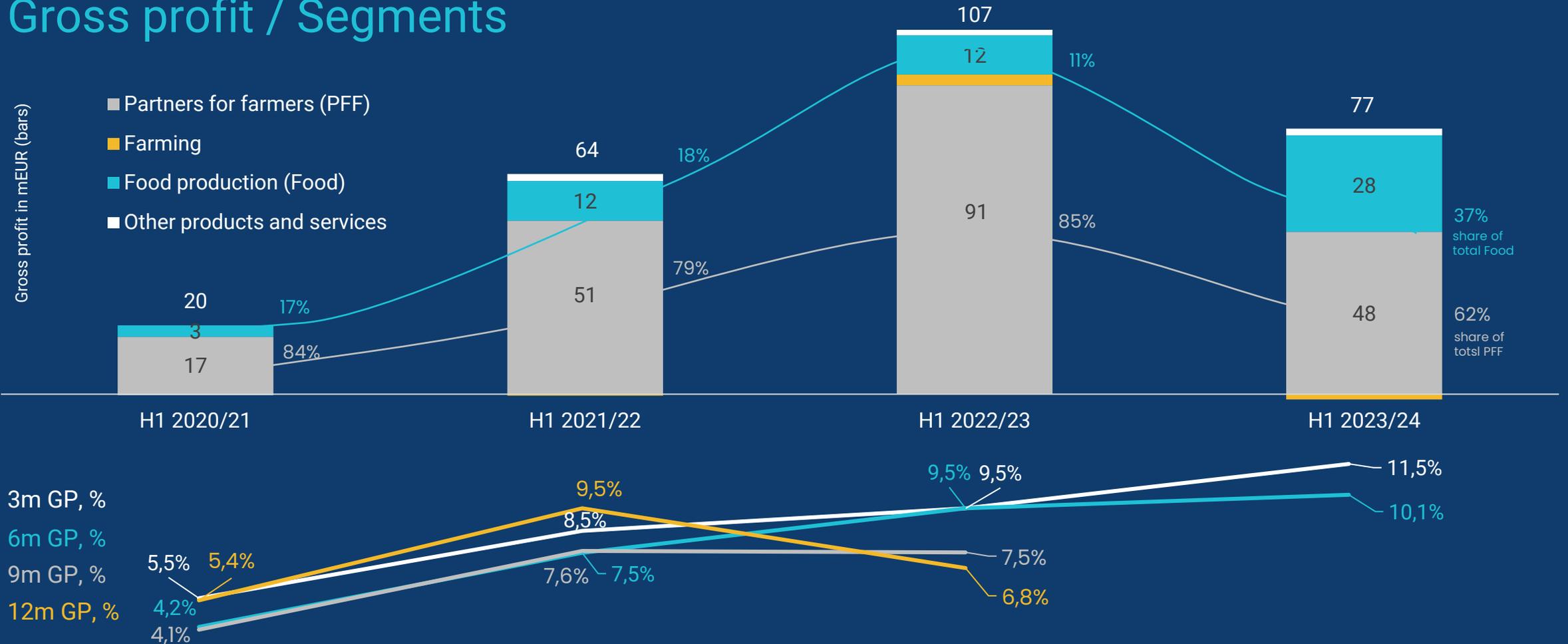
Segment dynamics



- The volume of production sold during H1 2023/2024 was lowest since 2019/2020 (-27% y-o-y); contraction in quantities was related with PFF segment, seeing trade activity significantly muted (food & agricultural production increases offsetting the PFF decrease impact only in part);
- The revenue of H1 2023/2024 was 33% lower y-o-y; taking into account proportionate decrease in volumes, represents: **still elevated prices** (even though lower compared to 2022/23) **and changes in product portfolio**;
- After acquisition of KGG (2021/22), portfolio **re-positioning was continuously visible** - increased share of Food segment income (7% to 26%)

& ironically historically highest H1 gross profitability

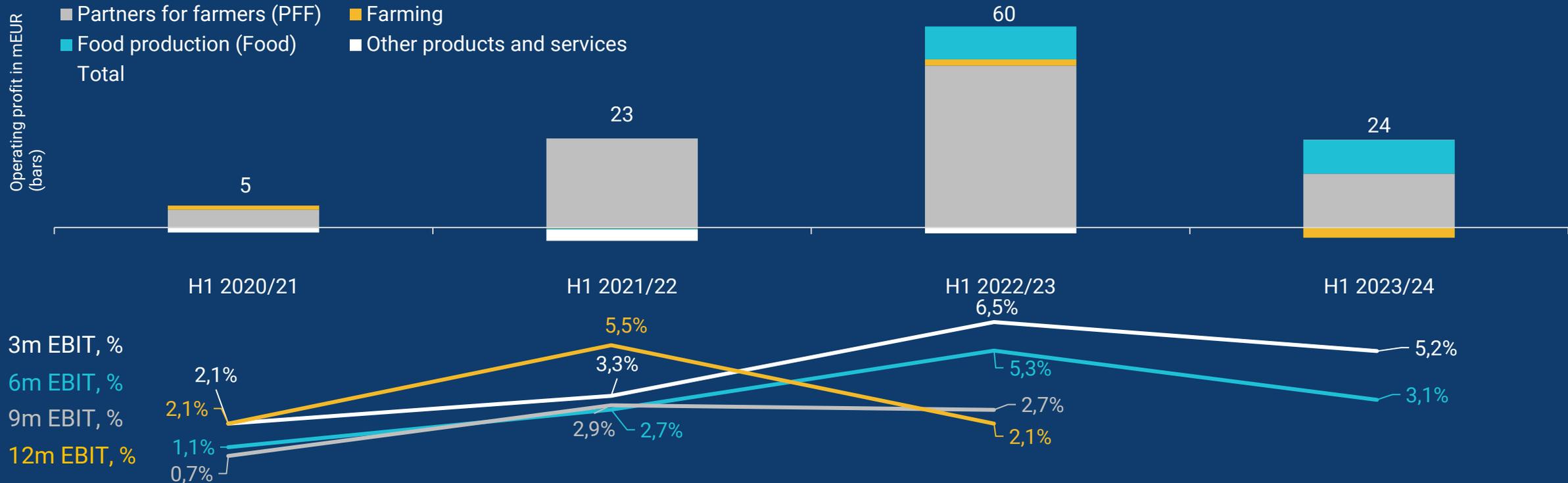
Gross profit / Segments



- Strong GP for **H1 2023/24**; GP% **5Y H1 average: 6.7%**
- 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)**

Operating profit

Operating profit / Segments



- EBIT 5Y H1 avg. 2.2%. Despite historically good H1 2023/24 EBIT% - different movement of GP and EBIT margins represent lack of scale to dilute fixed opex
- 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

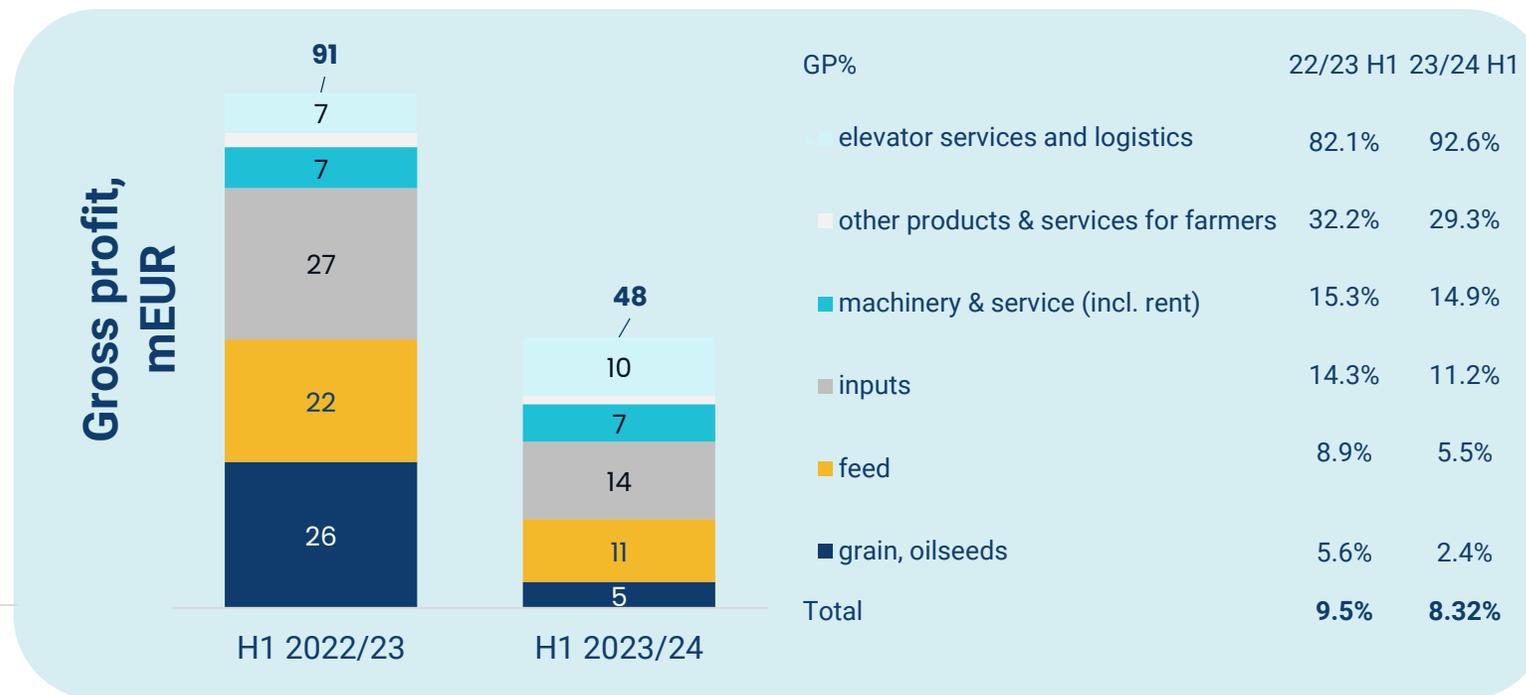
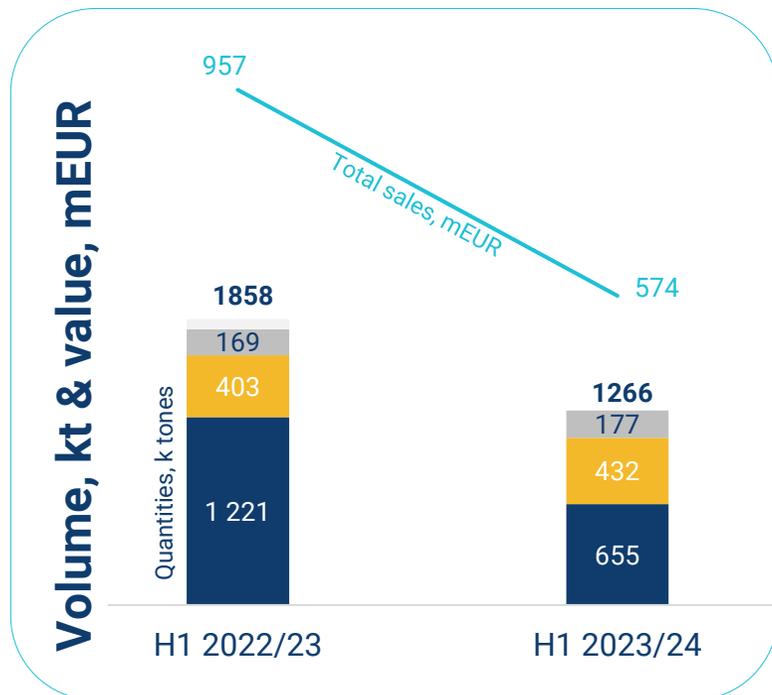
Key export Markets:



Key facts:

-  Main export commodity is Lithuanian and Latvian wheat
-  604 thousand tons total capacity of grain storage
-  291 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 quantities of grain collected (elevator chain), higher income from drying services, improving GP;
- **Grain and oilseeds trade** – lower quantities traded; strong competition among exporters; despite lower compared to record 22/23, GP% better than 5Y average;
- **Feed business** – strong results of compound feed category were outweighed with deteriorated margins in raw materials and feed additives trade;
- **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; despite revenue decreases GP% kept with the budget



Food production

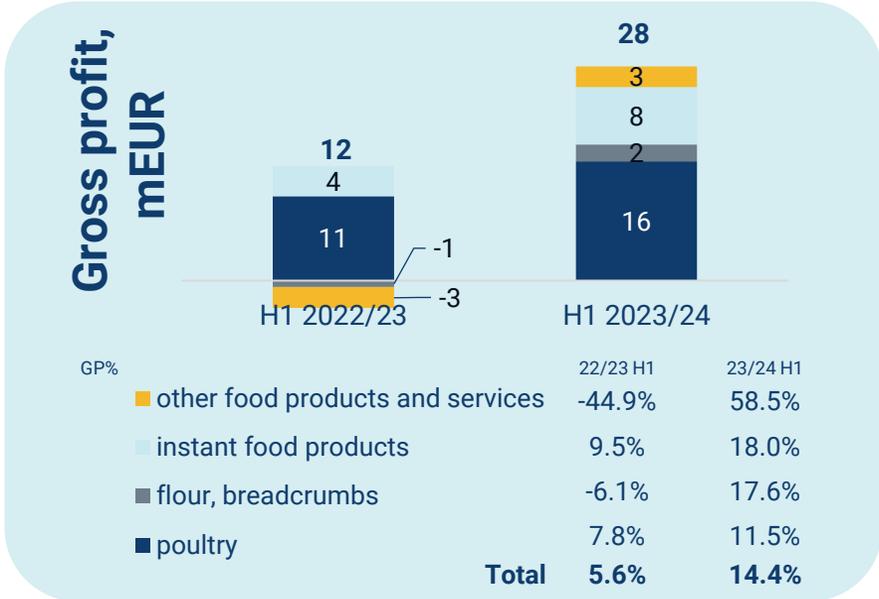
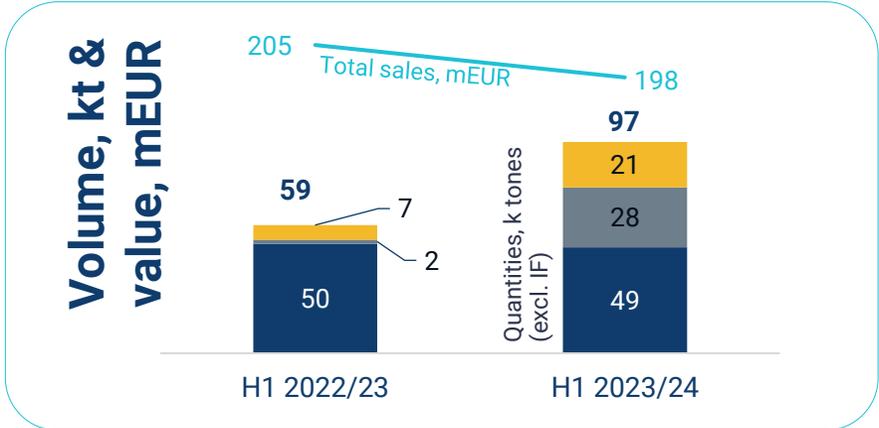
Activity explained:

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

Poultry business: - restored profitability; prices similar to prices of H1 22/23 with signs for downward correction in coming months; feed and energy cost significantly below the value range in H1 22/23

Other foods:

- 23/24 H1 results include 5 months of Grybai LT activity;
- Instant and ready to eat foods profitability was at record levels, illustrating a decline in cost with delayed correction in sales prices (repricing expected); lower quantities related with shifted seasonality (previously uncommonly high warm season orders);
- Improving profitability in Flour category & Coating systems categories; 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)
- 60.3 thousand tons of live weight meat produced (6m of 23/24)
- Private label contractor
- 80% antibiotics free birds in Lithuania
100% antibiotics free birds in Latvia

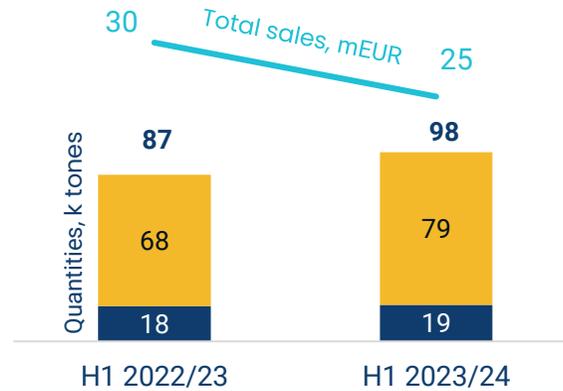
Agricultural production

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

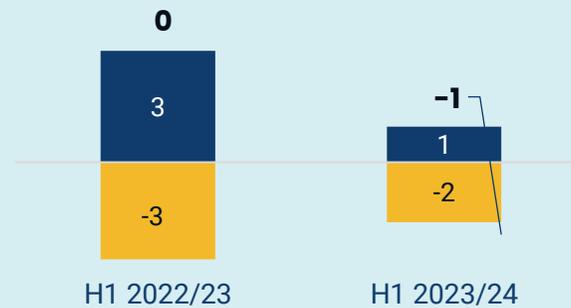
Excluding increased sugar beet production, **harvested quantities** would be more or less flat y-o-y; 30-35% lower production prices with inputs cost decreasing at lower pace; negative gross margin result related to the **write-down of the sold inventory cost** (on the basis of the biological assets fair value as at 30 June 2023, EUR -4.7 million); for **the harvest of the 2024**, Group companies have sown roughly 5% less area compared to H1 22/23 (crop rotation); crop condition so far considered to be in very good condition;

Milk production: unable to offset 25% lower prices with improving efficiency; price increases projected for spring 2024.

Volume, kt & value, mEUR



Gross profit, mEUR



GP%	22/23 H1	23/24 H1
■ milk & cattle meat	34,0%	14,0%
■ crops	0,0%	-11,3%
Total	10,7%	-6,2%

Key facts

19,098 ha – arable land, out of which 6,117 ha owned

3,237 dairy cows

19 thousand tons of raw milk (6m 23/24)

128 thousand tons of crop harvest (6m 23/24)

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