

AB Akola Group

Overview of activities & finance

For 12 months of FY 2023/2024

22nd of August, 2024



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 it's management in the set of annual financial reports, available on Company's web-page

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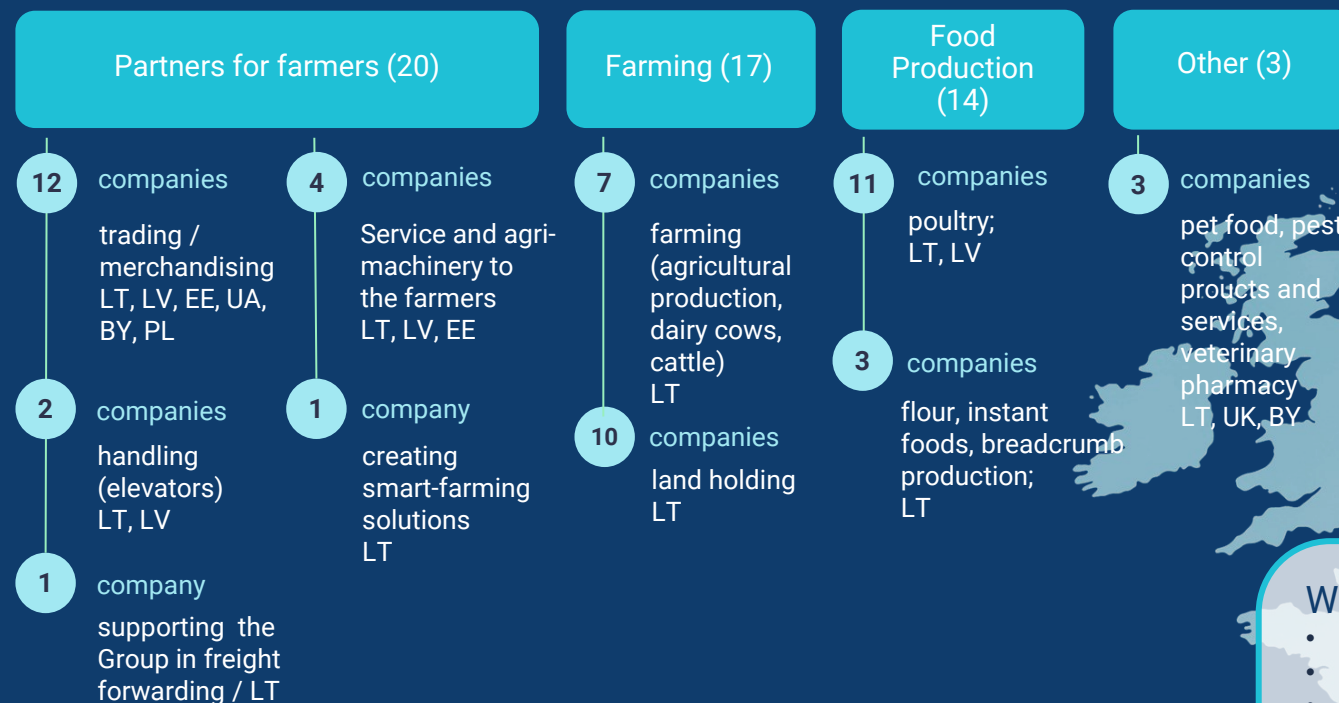
With AB Akola Group since 2020
>10 years professional experience including
Banking & Shipping industries
Master's degree in Shipping, Trade and Finance /
City University London Bayes Business School
Bachelor's degree in Management /
University of Leeds



Agribusiness & food group

64 subsidiaries

4 associates



*2024-June-30:

Out of 64 companies, not shown in the structure are: 4 management companies, 8 dormant companies, 1 under liquidation, 1 company have activity in three segments, 1 company – in two segments

Within Q4 of 2023/2024:

- invested in natural functional drinks start-up Brite Drinks LTD (associate)
- initiated liquidation of UAB Kormoprom Invest
- registered new company - SIA KEKAVA BIOENERGY
- completed reorganization of UAB GERERA (merged into UAB Linas Agro Grūdy Centrai, though terminated as a legal entity after closing of the FY 23/24)

& after reporting period:

- sold shares of associated companies KG Khumex Coldstore B.V. and Khumex Holding B.V.
- sold shares of UAB Sunvesta



Financial highlights for 12 months 2023/2024

a'kola
GROUP

Ordinary shares
167,170,481*

197
MCap
mEUR

EBIT, %

3.15%

FY 23/24

5Y avg 2.3%

2.07%

FY 22/23

P/E

6.98

FY 23/24

5Y avg 2.1

8.57

FY 22/23

ROCE, %

7.95%

FY 23/24

5Y avg 7.2%

7.03%

FY 22/23

EPS, €

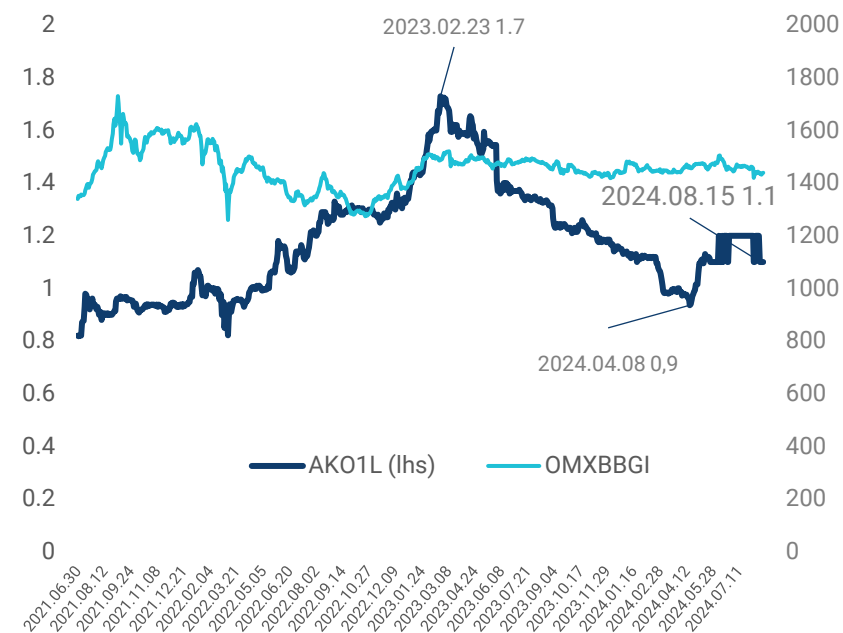
0.17 €

FY 23/24

5Y avg 0.2 €

0.16 €

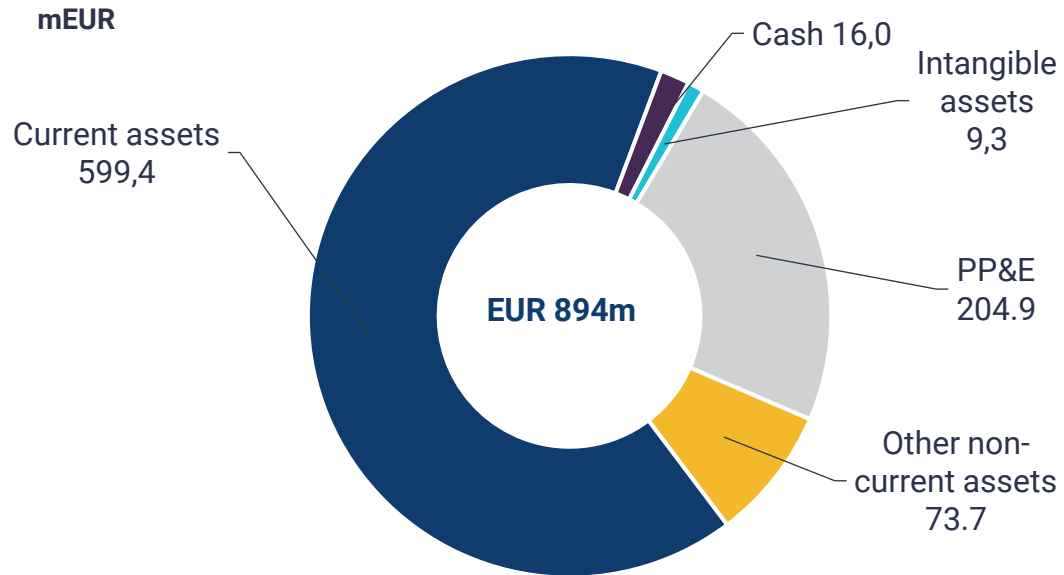
FY 22/23



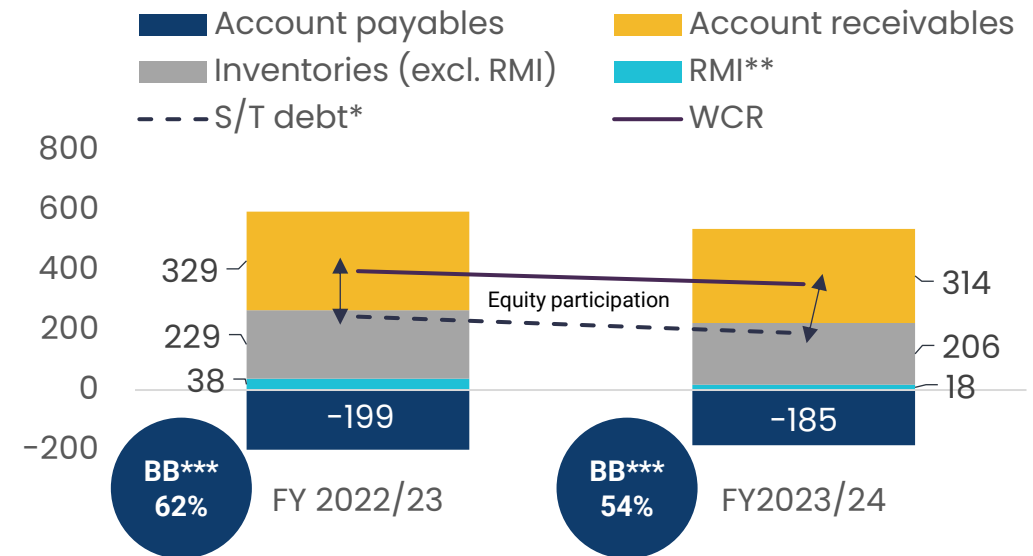
NOTE: ROCE, EPS, P/E - as 12 months rolling basis result / Market capitalisation – 28-June-2024 / *167,170,481 ordinary shares at 28-June-2024

Balance Sheet

Total assets 30-Jun-2024



S/T debt portfolio



Liquidity position

~460 mEUR – available lines

~46 mEUR – capex

Debt composition

40% L/T debt, including leases

318 mEUR total debt, including leases

Capital employed

~320 mEUR - equity position of the Group; **Capital ratio** remains solid - **36%**

mEUR 12 months rolling EBITDA
Net Debt / EBITDA: 4.0x
Net RMI adj. Debt / EBITDA: 3.8x
 (vs l/t strategic target \leq 4.0)

Group Segment revision

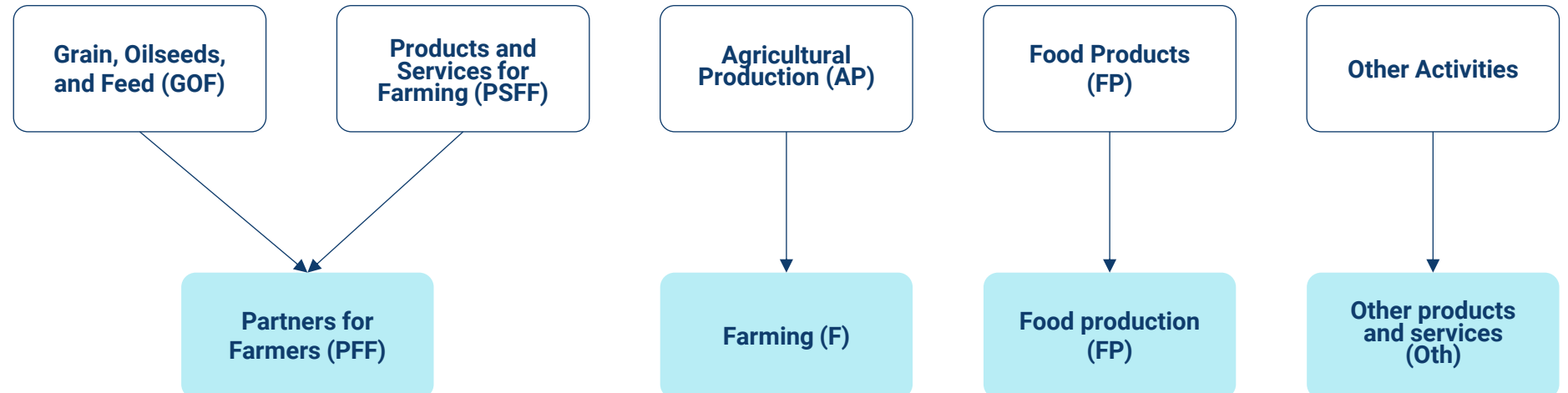
The idea behind the change:

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

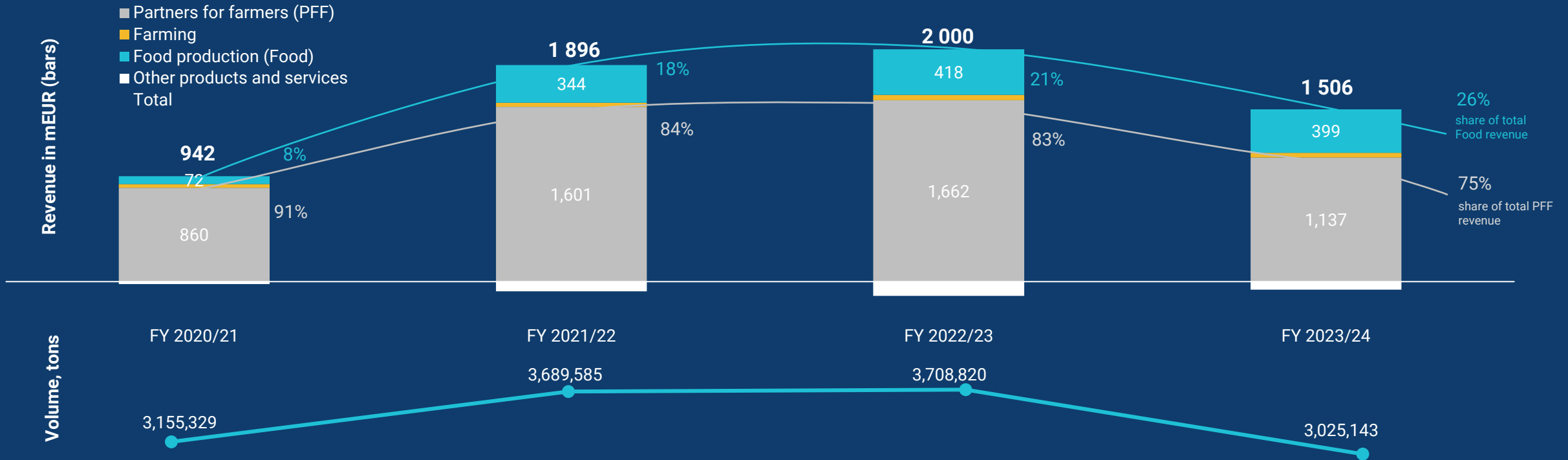
Group Segments up until
30/06/2024:



Group Segments starting with
01/07/2023:

Less is more?

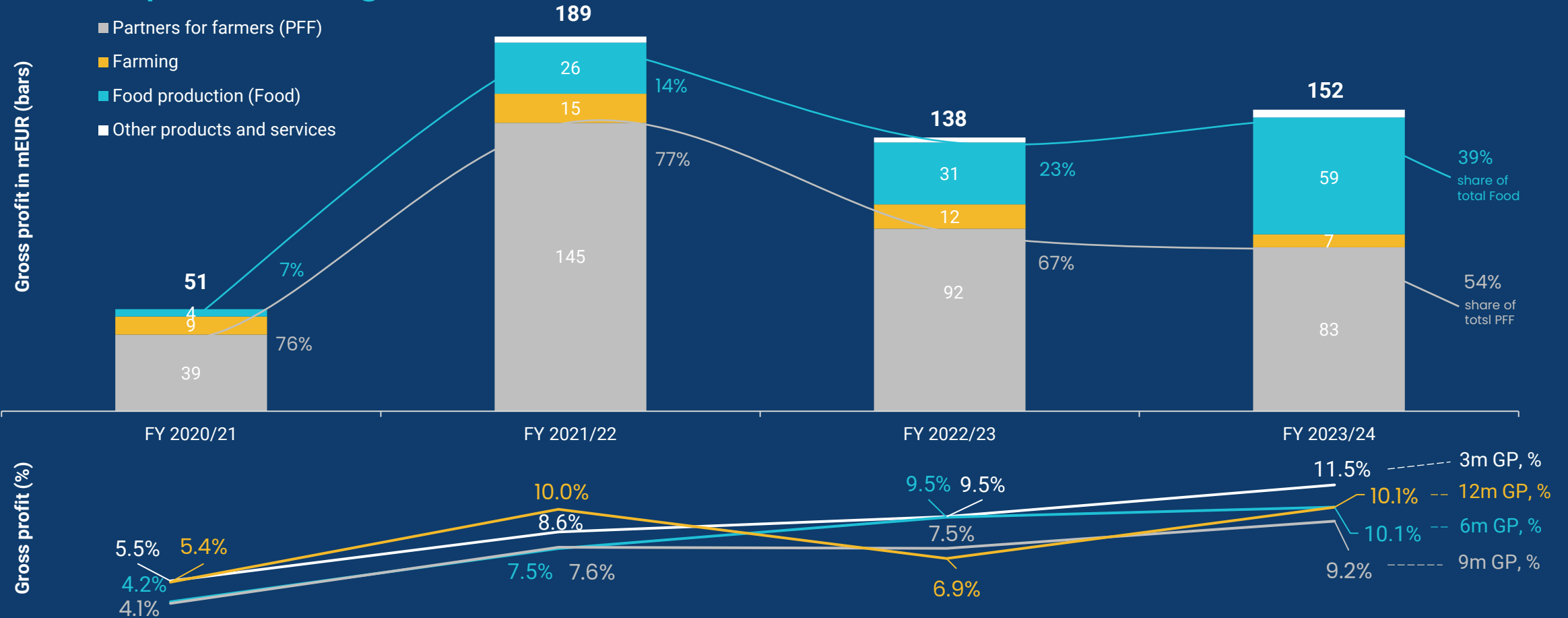
Segment dynamics



- The revenue of 12 months 2023/2024 was 25% lower y-o-y compared to 18% y-o-y contraction in volumes, suggesting avg. **price correction downwards (despite price positive changes in product portfolio [increased share of higher profitability Food products])**
- The segment responsible for volume decrease was **PFF** (-21%) mainly through depleted grain trade quantities (related with both – 2023 harvest and strategic management decisions); dictated by downward price corrections - PFF revenue went down by 32% y-o-y
- Despite gains in volume – **Farming** segment top line illustrated grain and milk price corrections
- Slight quantity increases were paired with minor revenue contraction in **Food** segment, illustrating ongoing modest repricing

Historically highest 12 months GP,%

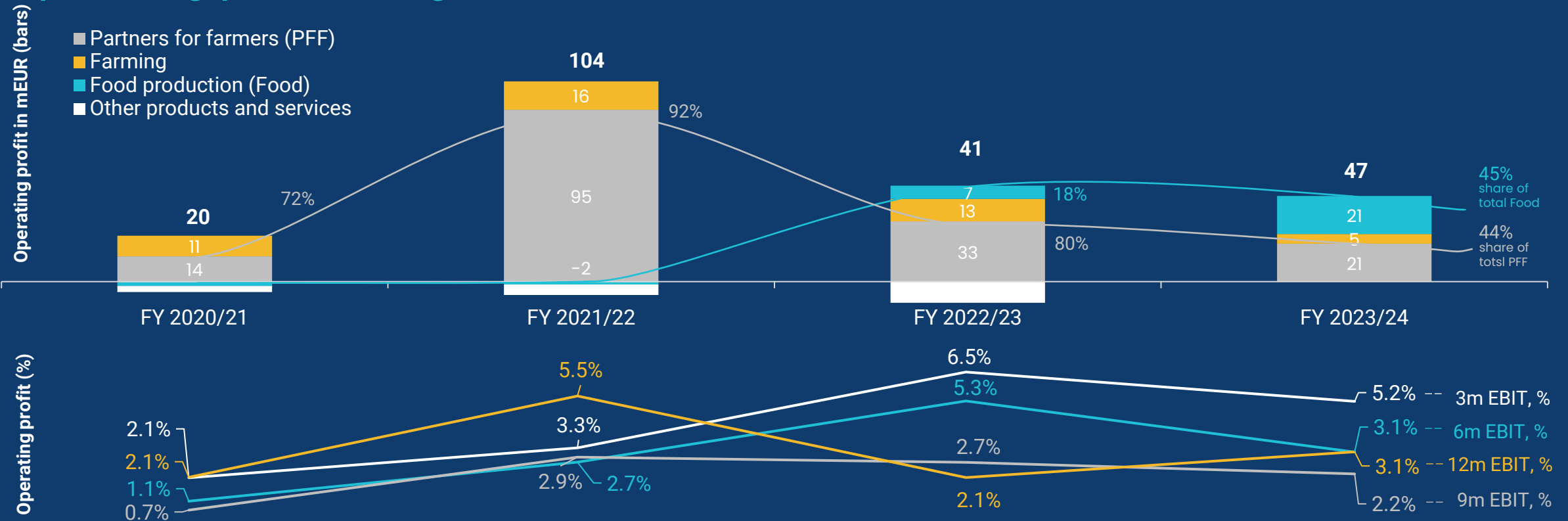
Gross profit / Segments



- GP%: 2023/2024 12 months 10.1% vs **5Y 12 months average 6.6%**
- Improvement in gross profitability is related with **diluted share of trading business** (even with improvement seen here as well) and turnaround in poultry activity, delivering overall strong **food segment performance (higher margins)**
- **Farming segment** - on the contrary delivered historically low GP% (5Y 12 months average 24.3% vs 15.0% for 2023/2024), due to weak performance in both – crop and milk production categories

Let's call it 'Normalisation'

Operating profit / Segments



- EBIT%: 2023/2024 12 months 3.1% vs **5Y 12 months average 2.6%**;
- 2023/2024 12 months EBIT% result was supported with strong input from Food production segment, however drawn down due to relatively high share of fixed expenses (increase in OPEX by 13% y-o-y in contrast to -25% decrease in revenue y-o-y)
- After atypical 2021/2022 and 2022/2023 (war action in Ukraine, energy and supply chain crisis) – 2023/2024 again follows established Group's pattern of strong Q1, downward corrections in Q2-Q3 and partial recovery in Q4 (related with the fact, that poultry activity, agri-machinery sales normally have less active Q2-Q3, elevator services – less active Q2-Q4, inputs – less active Q2)
- Overall 2023/2024 results are **in line with indicated Normalised levels: EBIT% >3.0%** (3.1%), **EBITDA within 70-90mEUR range** (74.8mEUR)



Partners for farmers (1)

Our major locations:












Activity explained:

- Grain storage and preparation
- Compound feed production and sales
- Grain and oilseeds trade
- Feedstuffs trade
- Logistic services
- Agricultural machinery
- Grain storage facilities and farm equipment
- Spare parts and service
- Smart farming system
- Certified seed
- Fertilizers
- Plant protection products, micronutrients

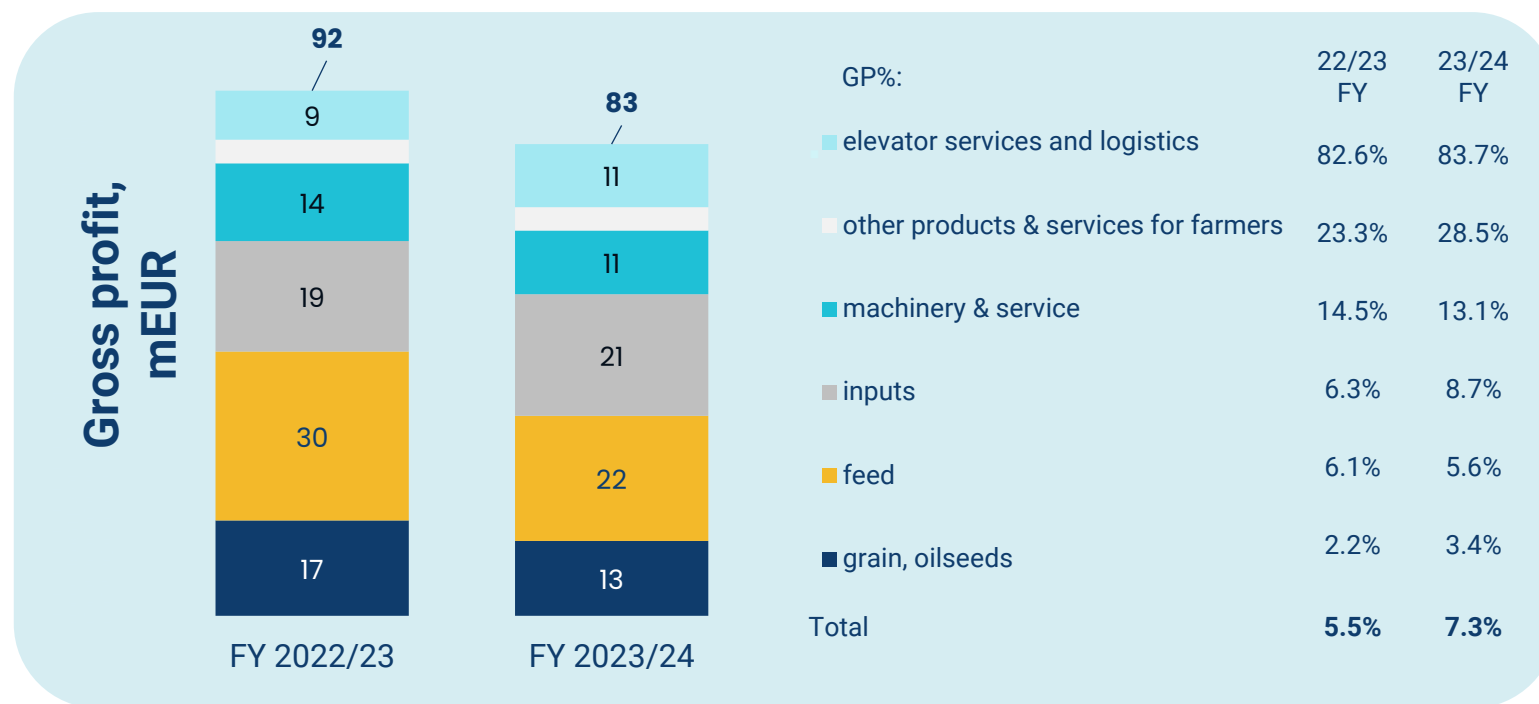
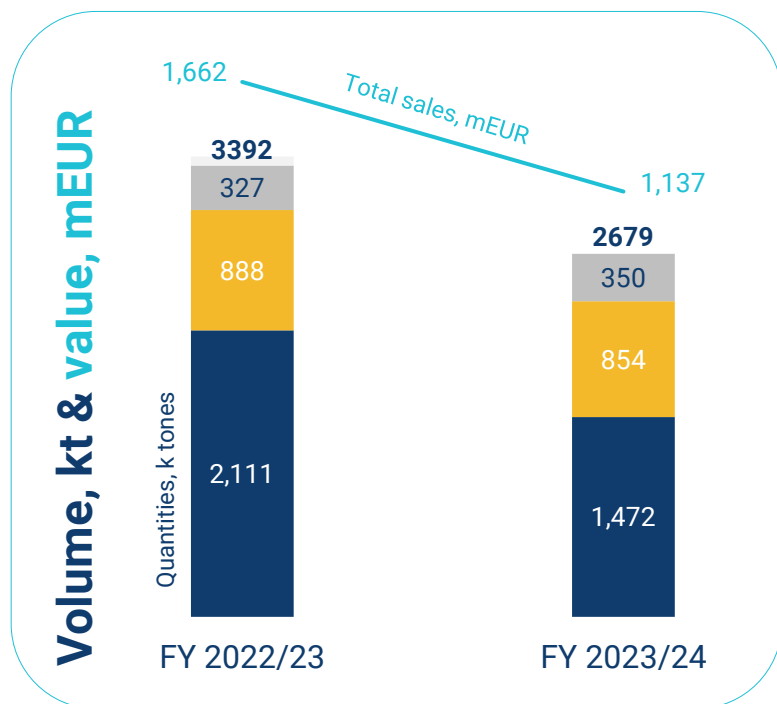
Key export Markets:



Key facts:

-  Main export commodity is Lithuanian and Latvian wheat
-  607 thousand tons total capacity of grain storage
-  296 thousand tons storage Capacity at ports
-  336 ktons of annual compound feed, premixes production capacity
-  12 feed retail stores
-  30 ktons total capacity of seed production plant
-  194 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, focusing on profitability improvement;
- **Feed business** – both compound feed and feedstuffs were traded in similar to previous year's GP% (combined feed category profitability decreased due to slightly lower share (%) of higher profitability compound feed trade)
- **Inputs** – quantities wise key input categories were growing, improved seeds and restored fertilizers trade profitability, however plant protection and micronutrients category way below average mainly due to supply surplus in the market;
- **Agricultural machinery** – highly competitive market, high stock reserves in warehouses, farmers cautious to take investment decisions



Food production

Activity explained:

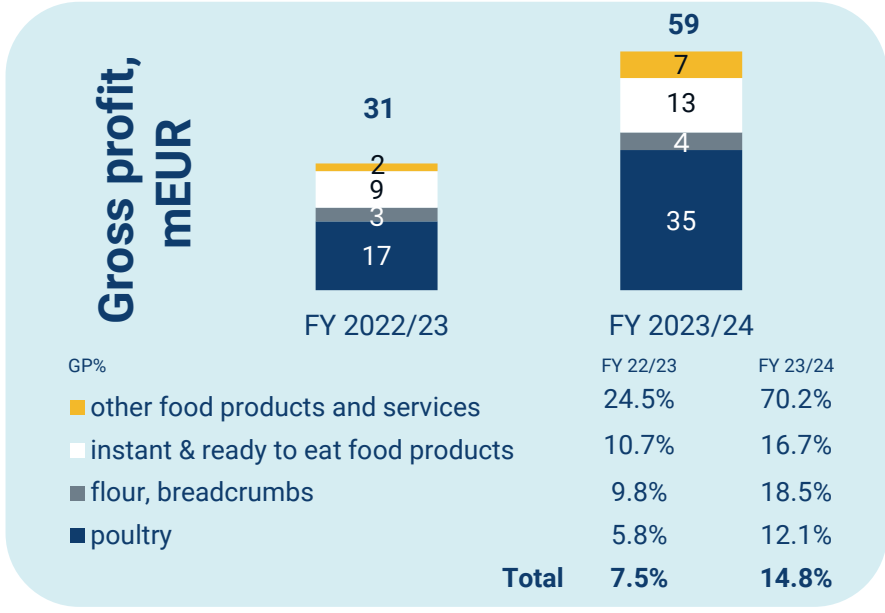
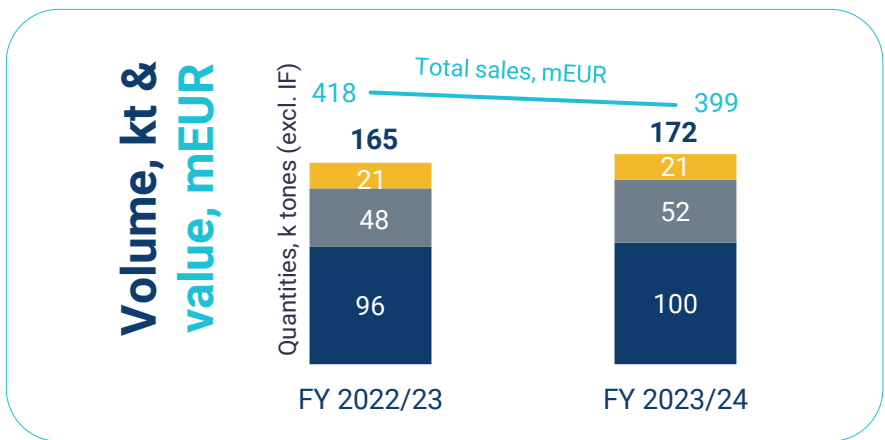
- Manufacture and wholesale of flour, flour mixes, breadcrumbs, breading mixes, instant foods, ready to eat products
- Full poultry manufacturing cycle

Poultry business: restored profitability; prices slightly below the level of 2022/2023, though materially offset by feed and energy cost decreases

Instant and ready to eat foods: lower quantities, though very strong profitability, illustrating a decline in cost with slower correction in sales prices (even though some repricing ongoing); 23/24 12M results include 11 months of Grybai LT activity

Flour: lower grain prices pushing down flour product prices

Coating systems: improving profitability due to limited production repricing in combination to lower costs



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)
- 120.0 thousand tons of live weight meat produced (12m of 23/24)
- Private label contractor
- 80% antibiotics free birds in Lithuania
100% antibiotics free birds in Latvia

Agricultural production

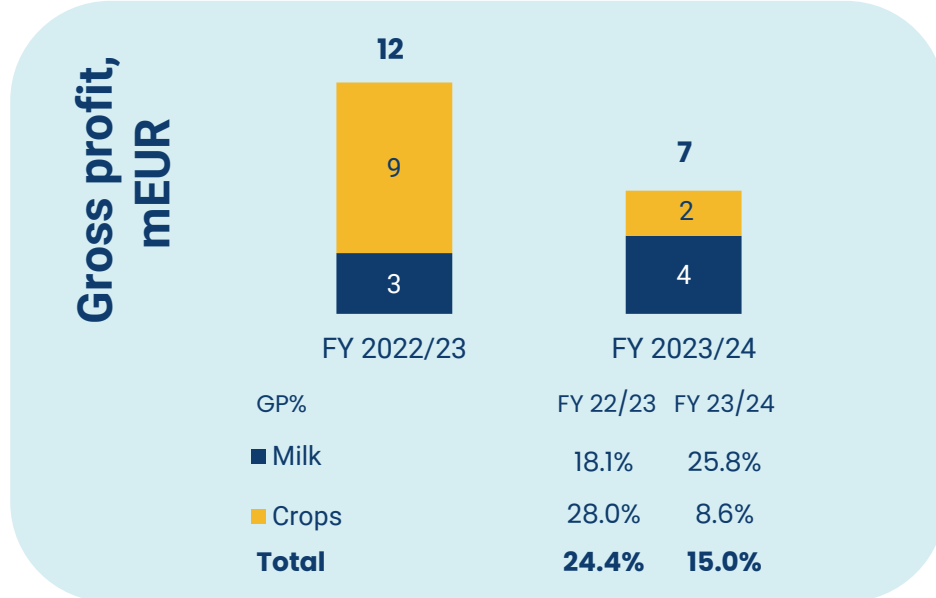
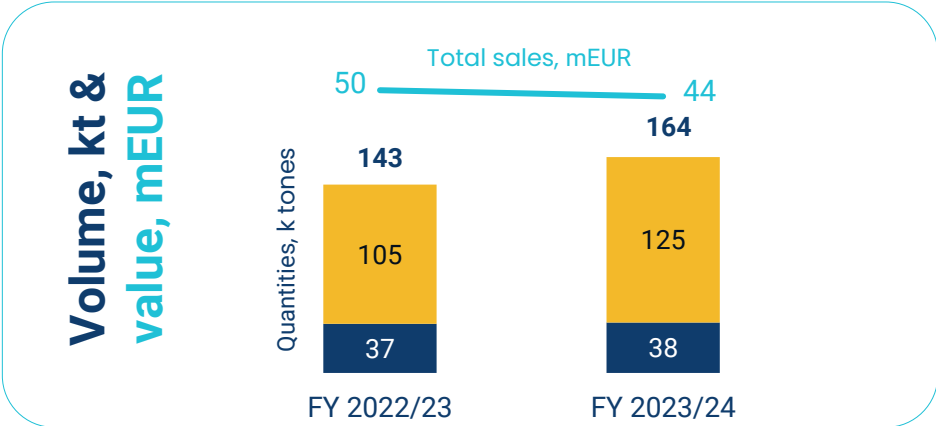
- Cereals growing
- Rapeseed growing
- Sugar beet growing
- Milk production
- Beef cattle rearing

Crop production: lower production prices in combination to still expensive inputs (older stock) resulted in squeezed profitability;

noting that after biological assets FV assessment (30-Jun-2024) very similar amount was booked compared to sold inventory cost write-downs throughout the year

2024 harvest – approx. 90% fields harvested (preliminary - above average yields for winter wheat and close to average yields for malting barley and winter rapeseed); roughly 55% of 2024 harvest already sold under forward sales contracts

Milk production: continuously low raw milk purchase prices, costs remain high (internal feed production); further improved average milk quantities per dairy cow (2023/2024 11.8 t/cow vs to 11.4t/cow a year ago)



Key facts

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

3,226 dairy cows

38 thousand tons of raw milk (12m 23/24)

128 thousand tons of crop harvest (12m 23/24)

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