

AB Linas Agro Group

Overview of activities & finance For 6 months of FY 2022/2023

1st of March, 2023



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.linasagrogroup.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.

The Speaker

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



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Financial highlights H1 2022/2023

161,085,933*

Ordinary shares

216

MCap
mEUR

EBIT, %

5.3%

H1 22/23

2.8%

H1 21/22

P/E

1.72

H1 22/23

4.75

H1 21/22

ROCE, %

19.2%

H1 22/23

7.0%

H1 21/22

EPS, €

0.78 €

H1 22/23

0.20 €

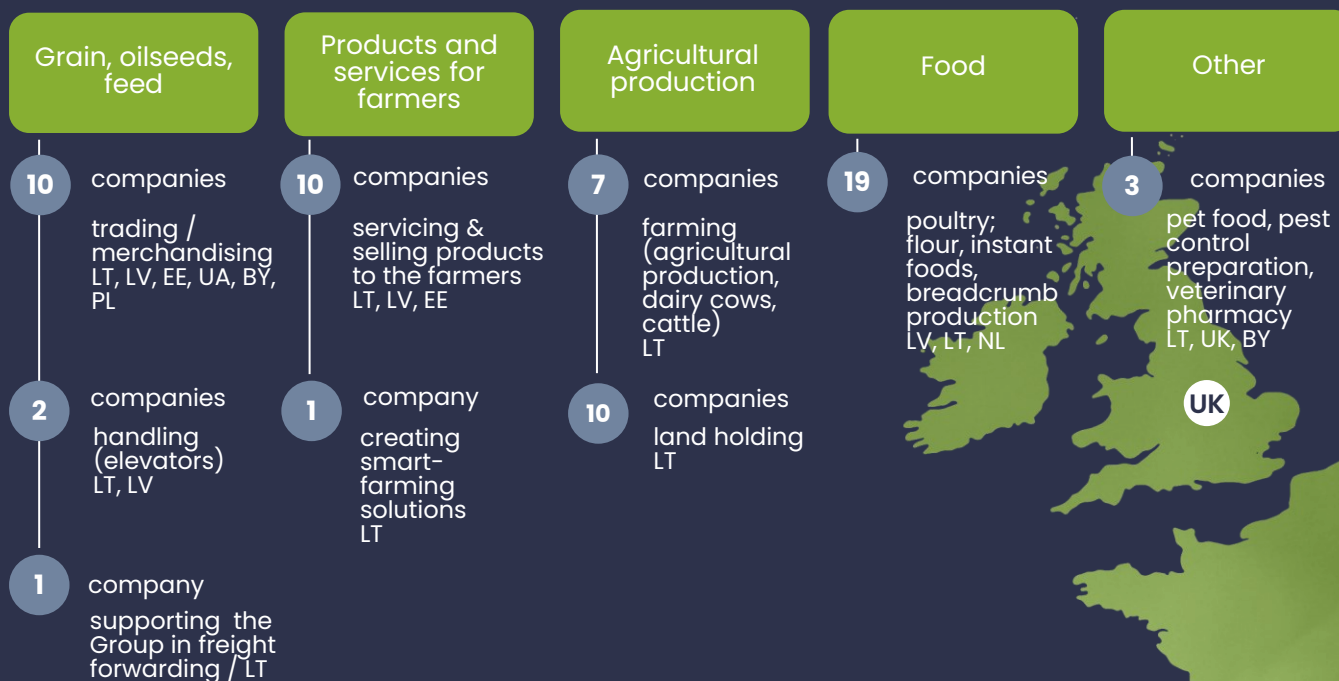
H1 21/22



NOTE: ROCE, EPS, EBIT% - as 12 months rolling basis result / Market capitalisation - 31-Dec-2022 / *160,394,398 ordinary shares at 31-Dec-2021

Agribusiness & food group

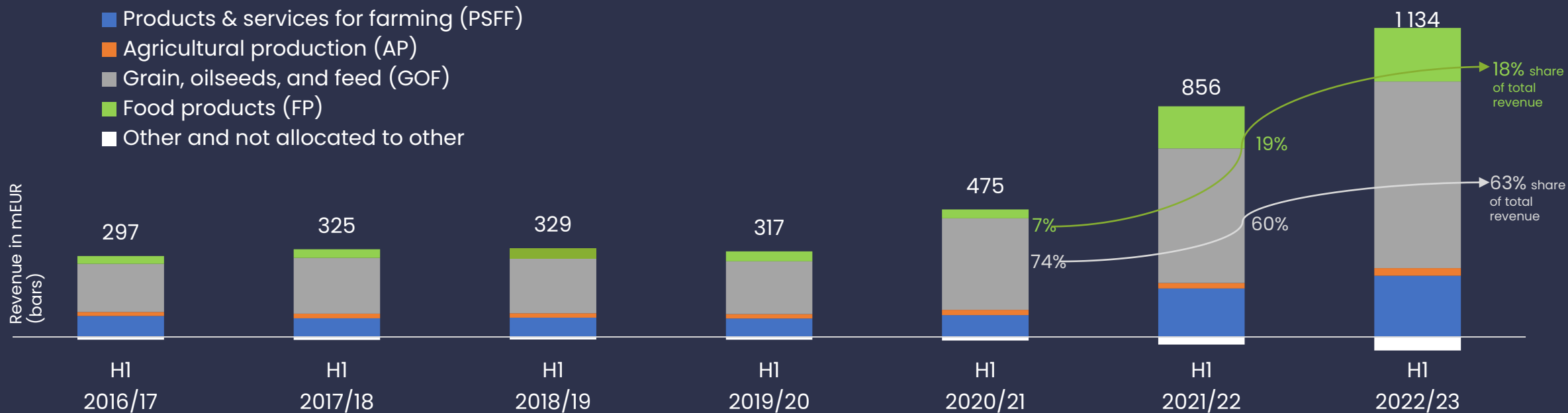
69 Subsidiaries



*out of 69 companies, not shown in the structure are: 3 management companies, 8 dormant companies, 2 under liquidation, 1 under reorganization; 6 companies have activity in two segments, 1 company – in three segments

Revenues maxing out

Segment dynamics



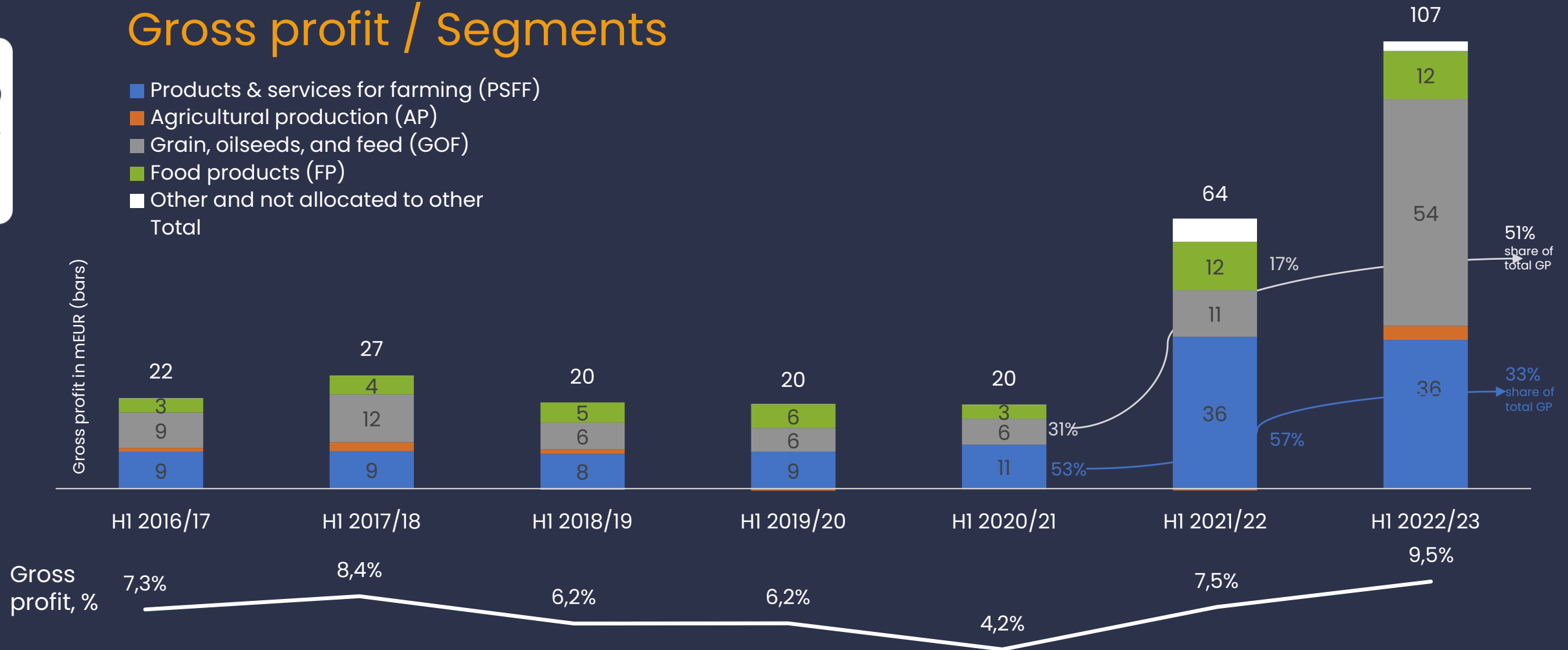
*except for segment "Other"

- Potentially maxing out revenues with **limited further peaking expectations**
- After acquisition of KGG, portfolio **re-positioning was continuously visible** with for 2 years increased share of Food segment income
- All the segments* delivered **revenue growth in interval of 25-40%**, comparing the results of H1 22/23 with H1 21/22

- Key income boosting drivers **were:**
 - GOF – **inflation**, high volatility and uncertainty in the market
 - PSFF – acceptable financial situation of the farmers, EU support
 - AP – favourable milk and grain prices
 - FP – booming instant food sales, somewhat restored poultry prices

H1 profitability – the bar is set high

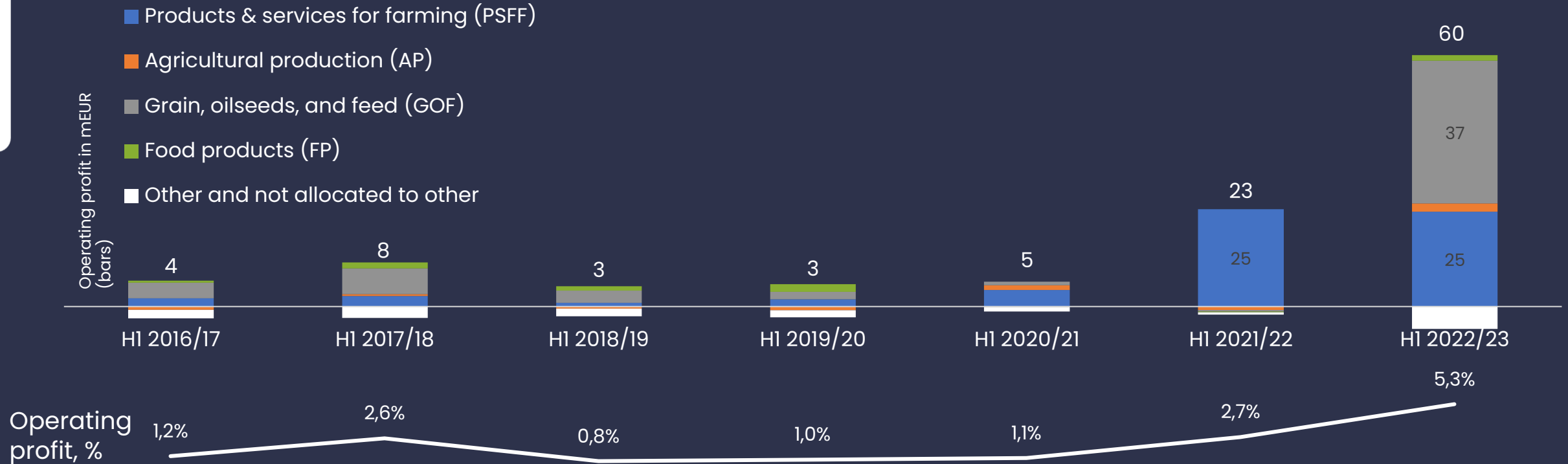
Gross profit / Segments



- Impressive gross profitability with GOF segment delivering more than half (51%) of total groups gross result; grain trade activity surprised with for many years strongest H1 margins (**grain and oilseeds trade – 5.6% vs 5Y H1 average 0.6%**, compound feed and feedstuffs – 8.9% vs 5Y H1 average 4.4%)

H1 profitability – the bar is set high

Operating profit / Segments



- Continuously strong performance by PSFF segment & **uncommonly profitable period by GOF**, which historically tend to improve the margin within the last quarters of the FY;

Grain, oilseeds, feed

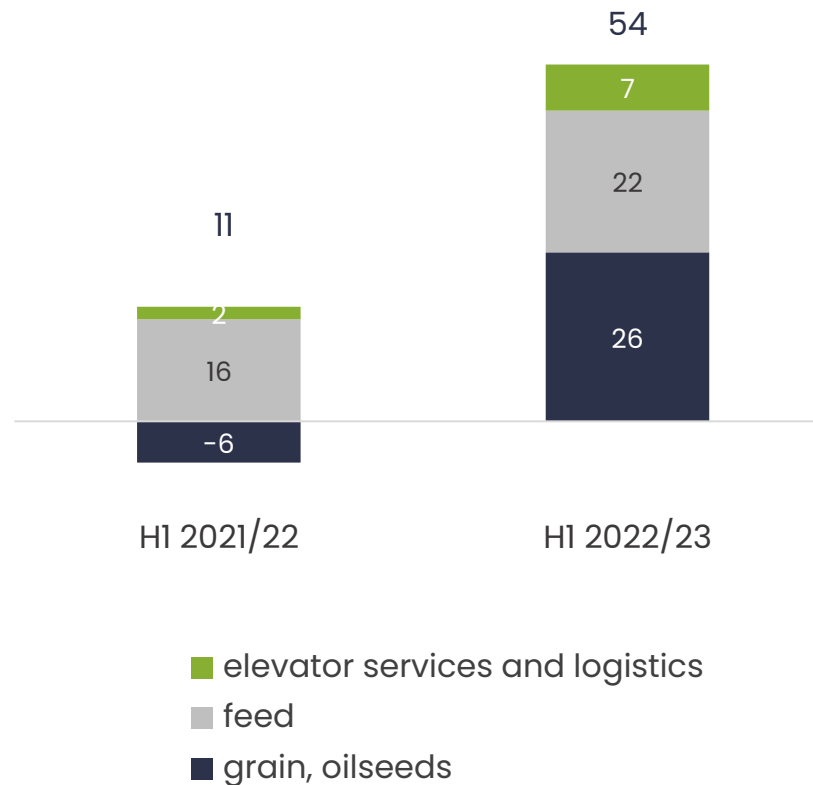
- Grain storage and preparation
- Ecologic grain and oilseeds
- Compound feed, feedstuff
- Grain
- Oilseed
- Logistic services

lower elevator chain collected grain quantities related with **grain purchase price being not in line with farmer's expectations**; Q1 – increased service rates and amended calculation methodology

not only **geopolitical reasons**, but also **collection of very different quality and class grain** made trade complicated, yet highly profitable

end of Q2 – slowing feedstuff consumption, normalization of supply chains potentially meaning **gradual return of buyers' power**

Gross profit, mEUR



Key facts



Main export commodity is Lithuanian and Latvian wheat



595 thousand tons total capacity of grain storage



310 thousand tons storage Capacity at ports



240 ktons of annual compound feed production capacity



25 ktons of annual premixes production capacity



12 feed retail stores



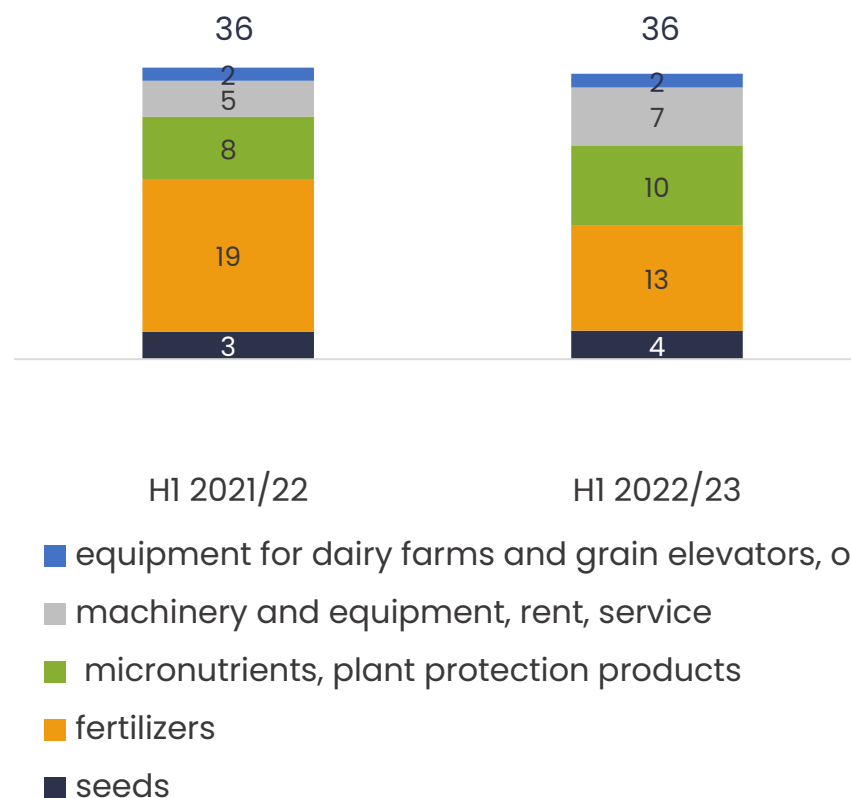
Products & services for farming

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


at the end of the 2Q FY 22/23
investment decisions were taken more carefully by the farmers:

- downward trend in milk prices,
- for some time increased farm costs (fertilizers, feed, fuel, electricity, spare parts)
- requirements of the 'green deal'
- rising financing costs

Gross profit, mEUR



Key facts

-  30 thousand tons total capacity of seed production plant
-  185 thousand tons total capacity for warehousing seeds, fertilizers, plant care products
-  15 sales outlets
-  12 service centers



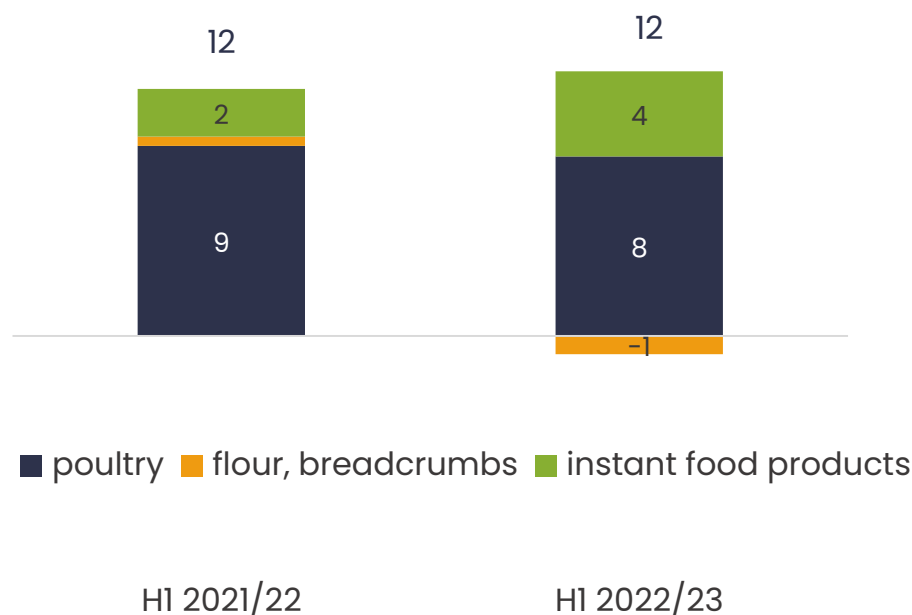
Food products

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

high poultry business sensitivity to energy resources – **investments** were made to increase the hermetic proof of the buildings and to adapt the heating infrastructure to the use of LPG

positive effect of cheaper energy components – likely **to be felt with a delay** due to the rolling price refixing effect

Gross profit, mEUR



Key facts

- Top poultry producer in LV and LT
- Major flour producer in Lithuania
- Sole producer of instant noodles in the region
- 20 Retail shops (SIA PFK Trader)
- 52 thousand tons of live weight meat
- Private label contractor
- 65% antibiotics free birds in Lithuania
100% antibiotics free birds in Latvia



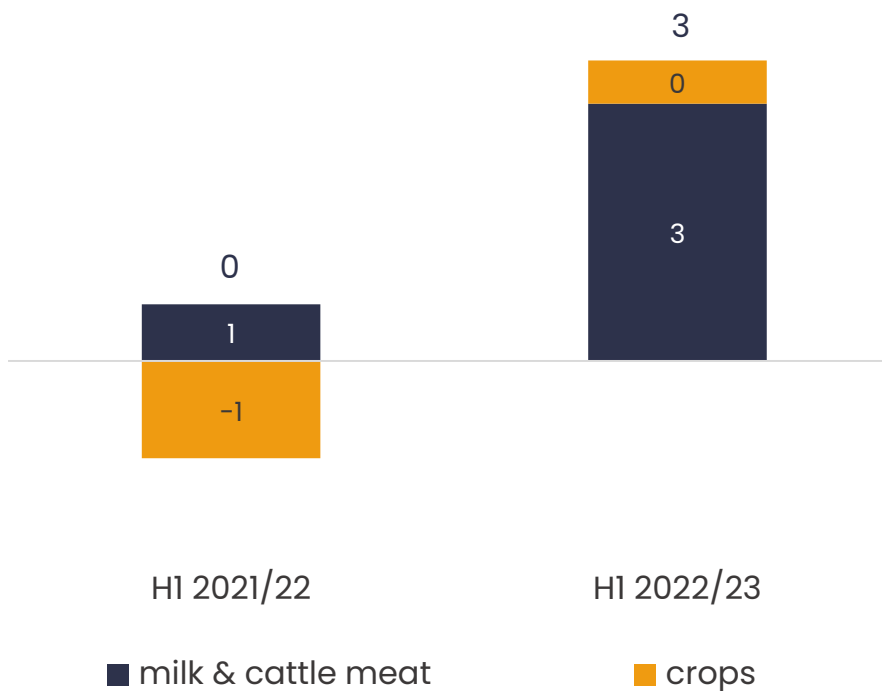
Agricultural production

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


close to **11k hectares** of arable land **sown for the harvest of 2023**, all the **crops insured**, crop quality -very good or good; already **sold approximately 40%** of the forthcoming harvest;

bigger quantities of milk produced and **still satisfying** (even though since the autumn of 2022 decreasing) **purchase prices of raw milk**

Gross profit, mEUR




Key facts

 19,229 ha – arable land, out of which 5,962 ha owned

 3,284 dairy cows

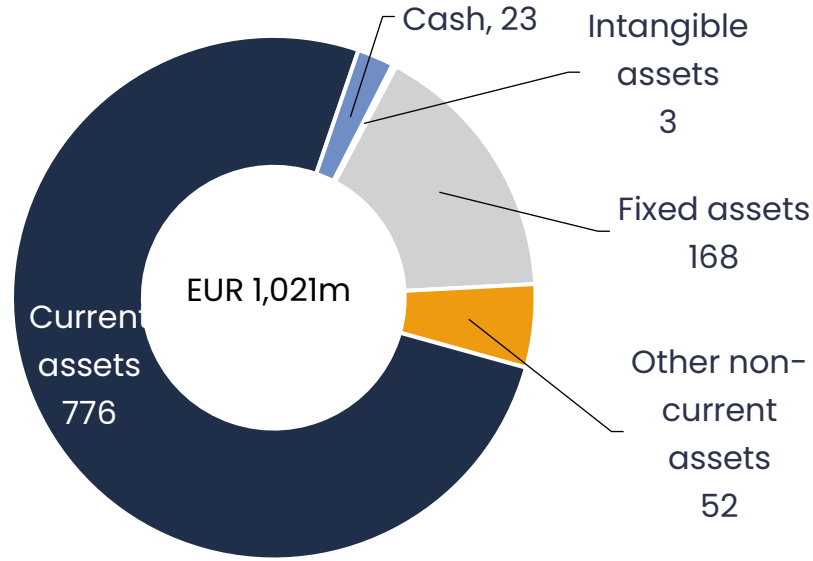
 18.3 thousand tons of raw milk

 103 thousand tons of crop harvest

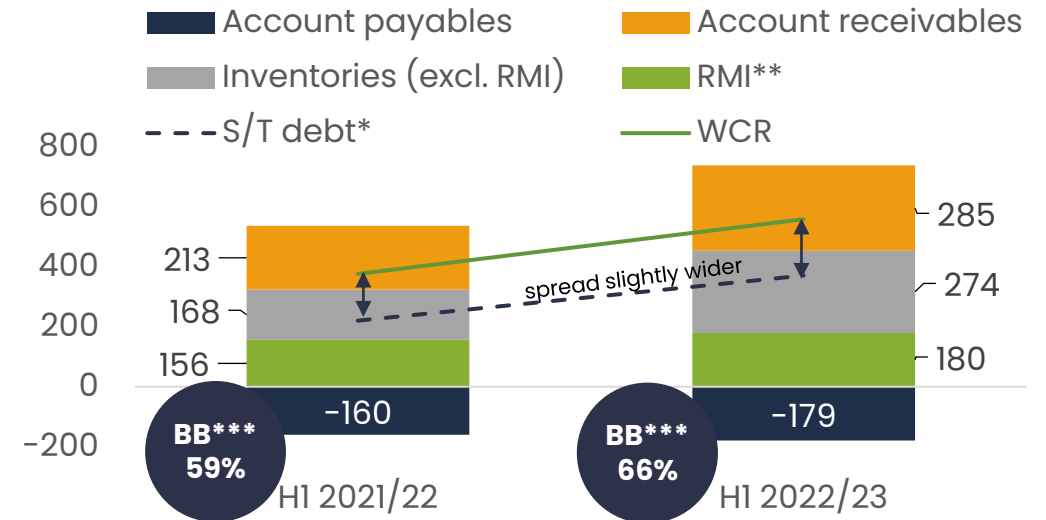
Balance Sheet

Total assets 31-Dec-2022

mEUR



S/T debt portfolio



Liquidity position

~550 mEUR – at the day of the webinar

~14 mEUR – capex

Debt composition

16% **L/T debt**, including leases

441 mEUR **total debt**, including leases

Capital employed

~321 mEUR – equity position of the Group;
Capital ratio remains solid – **31%**

mEUR 12 months rolling EBITDA (IFRS)
Net Debt / EBITDA: 2.5x
Net RMI adj. Debt / EBITDA: 1.6x

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

Key events during reporting period

Focus going forward

- Dividend pay-out (0,0313€ per share)
- H1 22/23 and FY21/22 total amount of losses from the sale of companies operating in Russia and Belarus recognized – EUR 6.2m (out of which 3.4mEUR H1 22/23)
- On 28-Jan, 2023 – decree by Belarusian government supports concerns over little likeliness of OOO KLM sale within 12 months; with 22/23 Q3 Company's assets and liabilities will be no longer classified as held for sale; however, group is continuously looking for potential ways to divest
- Working in environment of:
 - decreasing prices (milk, grain, fertilizers)
 - increasing financing costs

A close-up, macro photograph of green wheat stalks, showing the intricate details of the grain and the long, thin awns. The lighting is soft and natural, highlighting the texture and vibrant green color of the plant.

**Inspired by
land and food**

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