

CONFIRMATION OF COMPANY'S RESPONSIBLE PERSONS

2020 August 11

We, Gediminas Kvietkauskas, General Manager of East West Agro AB, and Rasa Vensloviene, Chief Accountant of AB East West Agro, confirm that, to our knowledge, the unaudited financial statements of East West Agro AB for the six-month period ended 30 June 2020 are true and correct and presents fairly the assets, liabilities, financial position, profit/loss of the company. For the six-month period ending in 30 June 2020 the semi-annual report correctly shows the overview of business development and activities, the condition of the company.

Generalinis direktorius



Gediminas Kvietkauskas

Vyriausia buhalterė



Rasa Vensloviene



INTERIM RESULTS FOR 6 MONTHS OF 2020

(unaudited)

AB EAST WEST AGRO

Review of the first half of 2020

Due to COVID-19 and the introduction of quarantine in the country, the company faced various challenges in the first half of this year, but basically the company's half-year results were not affected by the pandemic. During quarantine, some employees worked remotely, and shops and service operations were reorganized to reduce unnecessary contacts and prevent potential contamination.

The supply of agricultural machinery from producers during the quarantine period was somewhat suspended, but the available inventories ensured the generation of revenue and the smooth fulfillment of obligations to our customers. The developed IT infrastructure of sales and services allowed to organize sales activities from home, to register service works by postponing them to the future or performing them without direct contact with the customer. The company planned to open a new machinery trade branch in Plungė in the spring of 2020, but due to quarantine the works were suspended. The new office is scheduled to open in August.

Due to the quarantine, most sales promotion events and exhibitions were canceled, but the company reoriented quickly enough and was able to offer virtual presentations of technical news in video format.

In the first half of this year, the company also received additional income from exports. We managed to expand the sales geography, new trading partners were found in Latvia, Poland, Finland, Iran and Ukraine. Both new and used agricultural machinery were supplied to these markets.



Agricultural machinery market

The market is experiencing some growth in sales of new equipment, but the numbers of registered machines, although higher than in 2019, are still significantly lower than the multi-year average sales of equipment. Farms are still feeling the effects of the last few poor seasons and are therefore not able to make all the investments needed. The beginning of the grain harvest indicates a good yield, grain purchase prices remain high enough. This should increase the purchasing power of farms.



In the first half of this year, 46% more new tractors were registered in Lithuania (268 units) than in 2019 (183 units), but this is still 43% less than in 2018 (469 units). EWA maintained its market share (15%), resulting in 46% more new Massey Ferguson tractors registered (41 units) than in 2019 (28 units).

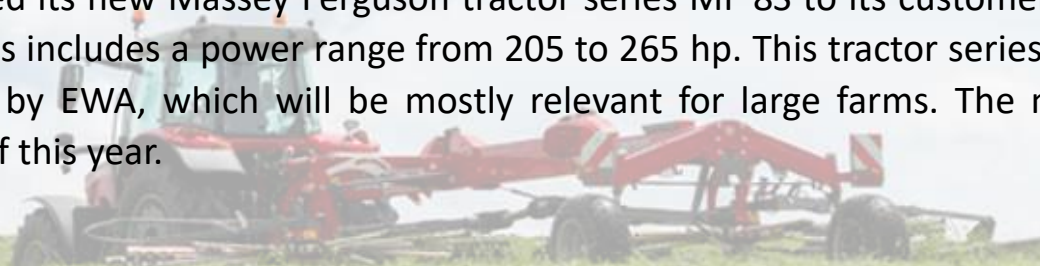


Until July 1 farms registered 13% less grain harvesters (35 units) than in 2019 (40 units) and even 36% less than in 2018 (55 units). 29% more Massey Ferguson combines were registered (9 units) than in 2019 (7 units).

The 300th Massey Ferguson (formerly Laverda) combine was delivered to the customer at the start of the harvest, and the 500th Massey Ferguson tractor is expected to be sold in the second half of 2020. These are significant figures that will allow us to expect significant revenue growth from spare parts sales and service in the future as we serve the growing fleet of machines sold.



At the end of July, EWA introduced its new Massey Ferguson tractor series MF 8S to its customers in a virtual, video format. The new four model series includes a power range from 205 to 265 hp. This tractor series will further expand the range of equipment offered by EWA, which will be mostly relevant for large farms. The new models will be available in Lithuania at the end of this year.



Outlook for 2020

The company's management, after assessing the market environment, customer needs and their purchasing power, adjusted the budget for 2020, in which the estimated sales revenue should reach 23.5 EUR million. Profit before tax is expected to reach 1.22 EUR million, EBITDA will reach 2.3 EUR million.

On July 1st, the collection of applications under the EU subsidy measure “Support for Investments in Agricultural Holdings” for farm modernization has been completed. In total, up to 52 EUR million is planned to be allocated under this measure. The implementation of these projects will take place in late 2020 – beginning of 2021, which will have a positive impact on the agricultural machinery market.

In cooperation with major suppliers, ways are being sought for geographical development in the region. Due to the impact of COVID-19, negotiations with strategic partners have been postponed to 2021.





**300th COMBINE HARVESTER
SOLD BY EWA IN LITHUANIA**



LAUNCH OF THE NEW TRACTOR MODEL

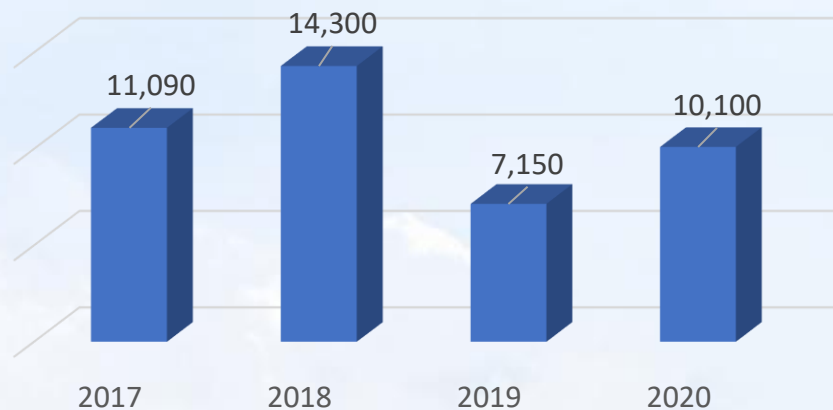
EWA KEY FINANCIAL INDICATORS, 6 MONTHS

	2019.06.30	2020.06.30	Change
Sales revenue, EUR million	7,15	10,10	41 % ↑
Gross margin, EUR million	1,19	1,63	37 % ↑
Total costs, EUR million	1,90	1,42	- 25 % ↓
Profit (loss) before taxes, EUR thousands	- 896	56	- 106 % ↑
EBITDA, EUR thousands	- 374	575	- 254 % ↑
Net financial debt, EUR million	8,08	5,92	- 27 % ↓
Number of employees	79	71	- 10 % ↓
Number of new tractors registered	183	268	46 % ↑
Number of MF tractors registered	28	41	46 % ↑
Number of new harvesters registered	40	35	- 13 % ↓
Number of MF harvesters registered	7	9	29 % ↑



EWA KEY FINANCIAL INDICATORS, 6 MONTHS

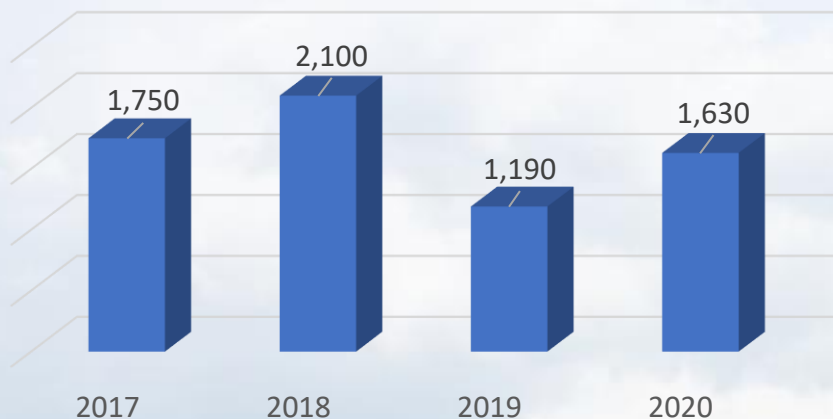
Sales revenue, (Eur million)



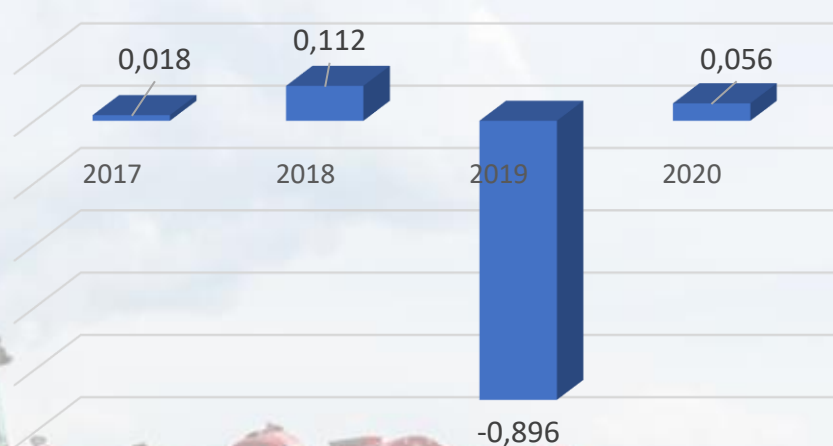
EBITDA, (Eur million)



Gross margin, (Eur million)



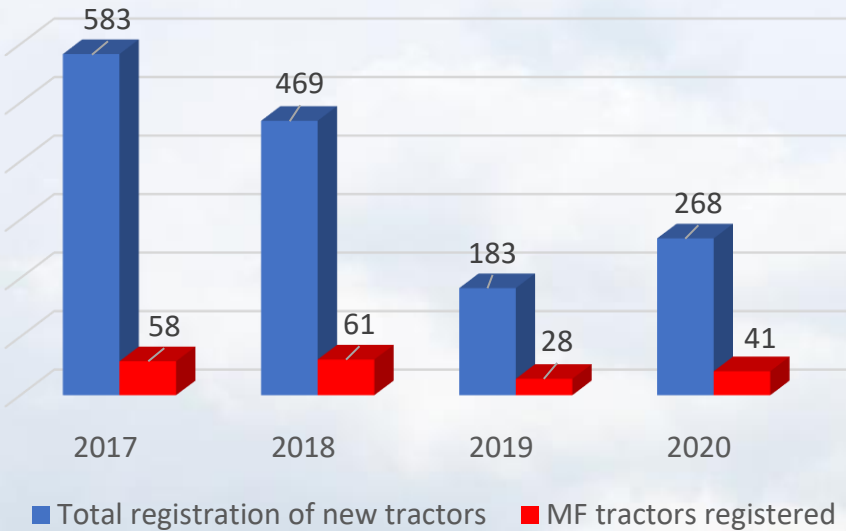
Profit (loss) before taxes, (Eur million)



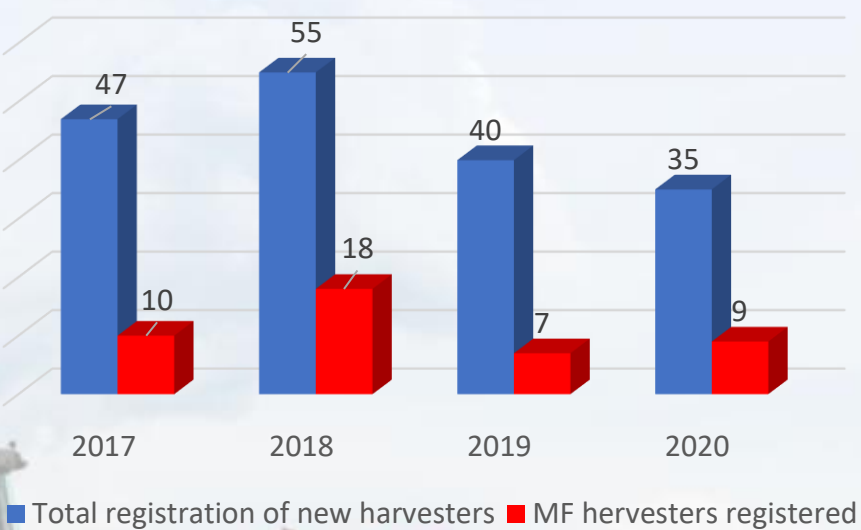
	6 months of 2020	6 months of 2019	Change	2018.06	2017.06
Number of new tractors registered	268	183	46 % ↑	469	583
Number of MF tractors registered	41	28	46 % ↑	61	58
Number of new harvesters registered	35	40	- 13 % ↓	55	47
Number of MF harvesters registered	9	7	29 % ↑	18	10



New tractors market for 6 months of 2017-2020



New harvesters market for 6 months of 2017-2020



EWA PROFIT (LOSS) STATEMENT

EUR thousands	2020.06.30	2019.06.30	2018.06.30
SALES REVENUE	10 076	7 155	14 306
COST OF SALES	8 448	5 966	12 205
GROSS PROFIT	1 628	1 189	2 101
Sales costs	38	61	133
General and administrative costs	1 400	1 856	1 776
TOTAL COSTS	1 438	1 917	1 909
RESULTS OF OPERATING ACTIVITIES	189	(728)	192
RESULTS OF OTHER ACTIVITIES	23	10	118
Finance income	160	148	96
Finance costs	316	299	294
RESULTS OF FINANCIAL ACTIVITIES	(156)	(151)	(198)
PROFIT (LOSS) BEFORE TAX	56	(869)	112
Income tax	-	-	0,153
NET PROFIT (LOSS)	56	(869)	112
EBITDA	575	(374)	690



EWA **BALANCE SHEET**

ASSETS (EUR thousands)	2020.06.30	2019.06.30	2018.06.30
Intangible assets	4	13	26
Tangible assets	2 135	3 464	2 707
Financial assets	759	104	104
Other non-current assets	172	17	21
NON-CURRENT ASSETS	3 070	3 598	2 858
Inventories	10 149	12 959	10 883
Paid advance payments	440	198	233
Trade receivables	6 839	6 453	8 340
Other amounts receivable	897	1 064	941
Cash and cash equivalents	3	8	82
CURRENT ASSETS	18 328	20 683	20 246
COSTS OF FUTURE PERIODS AND ACCUMULATED INCOME	170	232	240
TOTAL ASSETS:	21 568	24 512	23 343
EQUITY AND LIABILITIES (EUR thousands)	2020.06.30	2019.06.30	2018.06.30
Authorised (subscribed) or main capital	1000	1 000	1 000
Share premium	2 875	2 875	2 875
Reserves	303	350	313
Retained profit (loss)	772	575	663
EQUITY CAPITAL	4 950	4 800	4 851
Debt liabilities	694	3 486	1 933
Payables to credit institutions	90	150	321
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES	784	3 636	2 254
Debt liabilities	5 130	4 448	4 393
Received advance payments	200	858	662
Trade payables	5 722	9 153	8 729
Amounts payable on the basis of bills of exchange and cheques	160	500	0
Liabilities related to employment	404	188	229
Other amounts payable and current liabilities	2 312	555	1 268
AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER CURRENT LIABILITIES	13 928	15 703	15 281
TOTAL LIABILITIES	14 712	19 339	17 535
ACCUMULATED COSTS AND INCOME OF FUTURE PERIODS	1 906	373	957
TOTAL EQUITY AND LIABILITIES:	21 568	24 512	23 343



EWA COMPANY PROFILE

East West Agro (EWA) is one of the major agricultural machinery and equipment sales companies in Lithuania. Main activities:

- Sales of new agricultural machinery,
- Engineering and sales of grain storage equipment,
- Aftersales service, spare parts supply.

EWA represents a total of almost 20 international producers, which include globally recognized manufacturers of agricultural equipment such as Massey Ferguson, Sulky, Bednar and others.

The company's main office is in the central part of Lithuania – Kaunas distr., Kumpiai village, near the Kaunas – Klaipeda highway. Here the company has its administration, customer service division and machinery maintenance center.

Company has two more machinery sales and service centers – at Šiauliai and Kupiškis.

EWA MAIN SHAREHOLDERS

Shareholder	Number of shares	Percentage of shares
Danas Šidlauskas	399 065	39,91%
Gediminas Kvietkauskas	396 858	39,68%
Multi Asset Selection Fund	80 000	8,00%
Other minority shareholders*	124 077	12,41%

* Company owns 8180 of it's own shares

