



EWA

INTERIM REPORT FOR 2021
AB East West Agro

COMMENT

"**AB East West Agro** is consistently implementing its long-term goals and strengthening its market position. Together with the main suppliers, refined technological trends relevant to Lithuania and a stable team of professionals give the company an exceptional competitive advantage in the market. Combining the trends of reducing CO2 emissions and pollution with the most innovative technical solutions, the latest technologies are introduced to the market, with which Lithuanian farms are often acquainted first in Europe.

The result of 2021 further strengthened the company's position as a leader in the agro-machinery sector. We see a great potential for growth with increasing market shares in particular segments of the machinery. There is a growing trend of the average unit of equipment sold, which is also reflected in the company's customer structure - an increasing share of sales is made up of the largest professional Lithuanian farms.

The achievements of East West Agro are also increasingly important in the strategies and communication of Massey Ferguson, the company's main partner equipment manufacturer. The only full-range presentation of the technical range organized by Massey Ferguson in Europe took place in Lithuania, thus demonstrating the special importance of the Lithuanian market in Massey Ferguson's export strategies. The competencies accumulated at East West Agro are considered exemplary. The recommendations of the company's specialists influence the improvement of the constructional and functional properties of the equipment. "- Gediminas Kvietkauskas, CEO of AB East West Agro.

2022 BUDGET

The company's management has drawn up a budget for 2022, in which the estimated sales revenue should reach 38.3 million EUR. Profit before tax is expected to reach 2.7 million EUR, EBITDA will reach 3.2 million EUR.

The main tasks in 2022 will be to further increase sales of higher-profit products and services, and to strengthen our position in the markets for tractors and combine harvesters. Ways to expand the region geographically are also being sought in collaboration with key suppliers.

OVERVIEW

In 2021, about 5.3 million tons of cereals were harvested in Lithuania, 18.5% less than in 2020. Average price of wheat was about 19% and the average price of rapeseed was about 33% higher than in previous year.

Wheat	2019	2020	2021	2022.01
Yield, mil. t	3,3	4,46	3,6	
Avg. price, Eur/t	176	174	207	293

Source: ŽŪIKVC (LŽŪMPRIŠ)

Rapeseed	2019	2020	2021	2022.01
Yield, mil. t	0,684	0,923	0,883	
Avg. price, Eur/t	361	361	481	700

The trend of high crop purchase prices persists in the harvest forecasts for 2022:

In the 4th week of 2022 (01 24–30), wheat was purchased in Lithuanian grain purchasing companies at an average price of 292.84 EUR/t - 11.25% higher than in the previous week (01 17–23). 46.63% more expensive than a year ago (4th week of 2021 (01 25-31)). At the end of January 2022 triticale purchases averaged EUR 246.66/t, 3.60% higher than a week ago, and 59.79% more expensive than a year ago. Rapeseed, purchased in the 4th week of this year averaged 699.52 EUR/t - at a similar price as a week ago and even 72.63% higher price than in 4th week of 2021.

[Source: ŽŪIKVC \(LŽŪMPRIŠ\)](#)

OVERVIEW

The harvest yield and crop purchase prices of 2021 provided a good environment for investments of farm entities, but the agricultural machinery market did not reach its full potential. Due to the global pandemic, the disruption of the supply chain of raw materials and components has caused great challenges for equipment manufacturers: we have experienced significant delays in the delivery of ordered goods, and we have felt the constraints on the supply of equipment. This has impacted this year's sales numbers.

- Agricultural entities registered 16% more (807 units) new tractors for professional farms than in 2020 (698 units). The market share of Massey Ferguson tractors represented by EWA was 18.1% (20.2% in 2020), and a total of 141 Massey Ferguson tractors were registered by farms in 2021.
- Agricultural entities registered 46% more (177 units) new combine harvesters for professional farms than in 2020 (121 units). The market share of Massey Ferguson combines represented by EWA was 17% (25% in 2020), and a total of 30 Massey Ferguson combines were registered by farms in 2021.



HIGHLIGHTS OF 2021

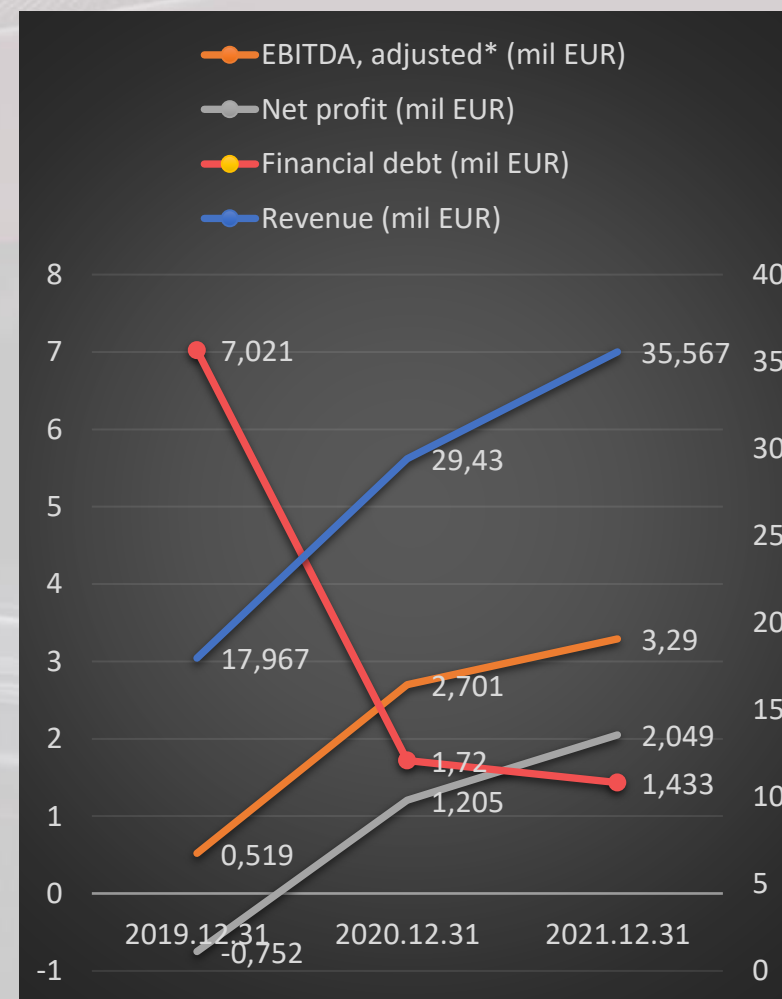
- Successful launch of the new Massey Ferguson IDEAL combine. 5 units were sold in the segment of the most powerful and technologically advanced combine harvesters. Sales of this model raised the average selling price of the combine harvester by 22%.
- As the demand for intelligent technology tractors grew, so did the characteristics and value of the tractors. An average selling price of tractor has risen by 14%.
- SKY (France), a specialized manufacturer of no - tillage technology, has been introduced to the market in order to consistently contribute to the reduction of CO2 emissions and the maintenance of the green course. These products significantly save the soil, reduce the need for fertilizers and fuel consumption.
- Sales of higher-margin products and services, which include the sales of spare parts, services and equipment rental, grew by 27% to 3.56 million. Eur.
- The only MF Experience event in Europe took place in Lithuania to acquaint consumers with the latest smart agro-technologies and future technology trends.
- To commemorate its 15th anniversary, the EWA team has carved a record-breaking company logo in a cereal field over 10 acres and lines 25 meters wide. This is the official Lithuanian record: <https://rekordai.lt/rekordai/didziausias-logotipas-ispjautas-javu-lauke/>



KEY FINANCIAL INDICATORS

	2019.12.31	2020.12.31	2021.12.31
Revenue (mil EUR)	17,967	29,430	35,567
Gross profit (mil EUR)	3,070	4,897	6,327
Gross profit margin, %	17,10	16,64	21,64
EBITDA (mil EUR)	0,436	2,442	3,058
EBITDA, adjusted* (mil EUR)	0,519	2,701	3,290
Net profit (mil EUR)	-0,752	1,205	2,049
Net profit margin, %	-4,20	4,09	5,76
EPS (EUR)	-0,75	1,21	2,05
Financial debt (mil EUR)	7,021	1,720	1,433

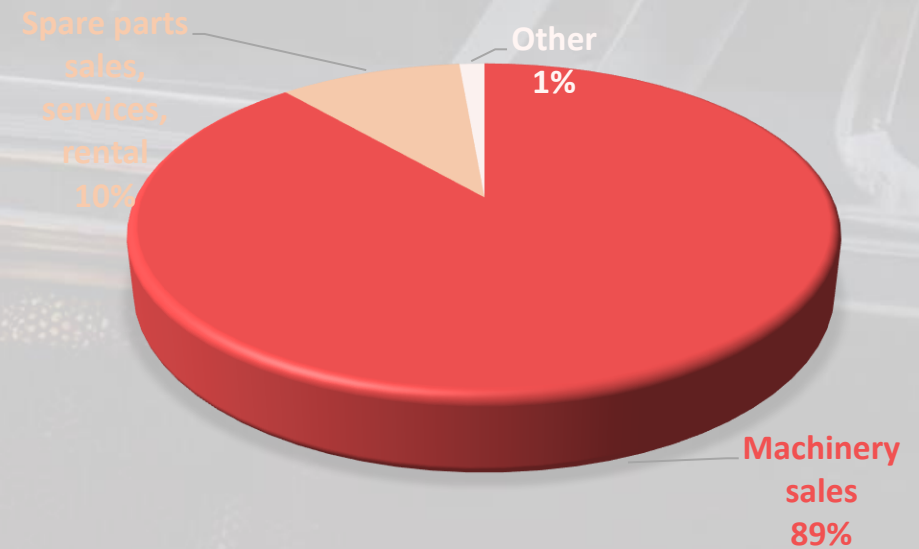
* EBITDA + write-offs and impairments of inventories and receivables





REVENUE DISTRIBUTION BY PRODUCT GROUPS

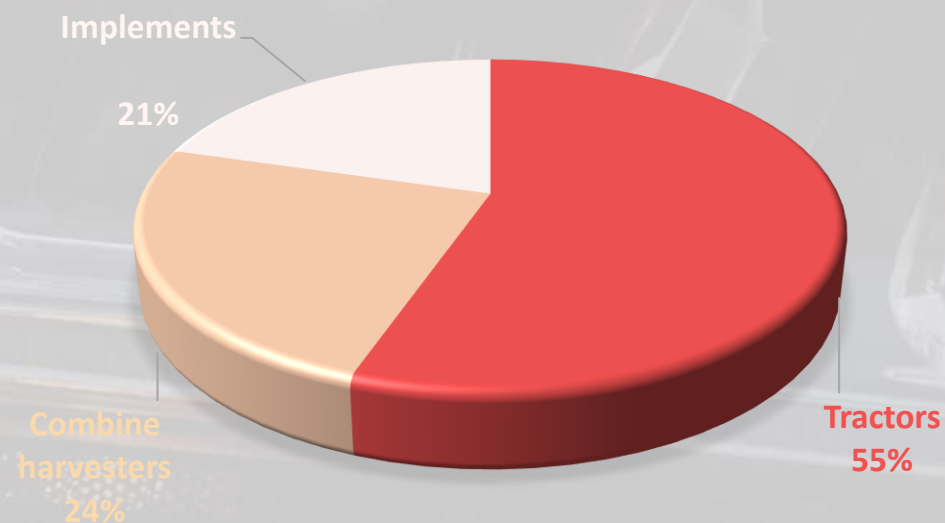
	2019.12.31	2020.12.31	2021.12.31
Machinery sales (mil EUR)	15,101	26,446	31,522
Spare parts sales, services, rental (mil EUR)	2,573	2,802	3,556
Other (mil EUR)	0,293	0,182	0,489





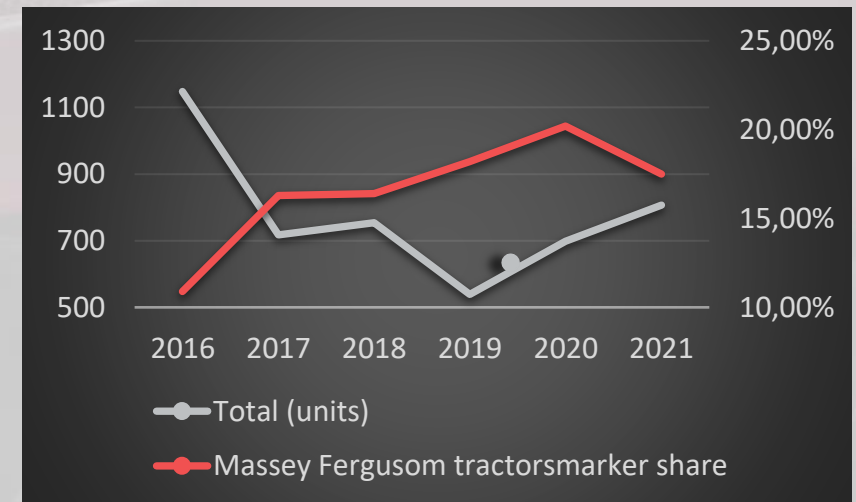
MACHINERY DISTRIBUTION BY PRODUCTS

	2019.12.31	2020.12.31	2021.12.32
Tractors (mil EUR)	7,233	13,259	17,453
Combine harvesters (mil EUR)	3,146	4,810	7,620
Implements (mil EUR)	4,722	8,377	6,449

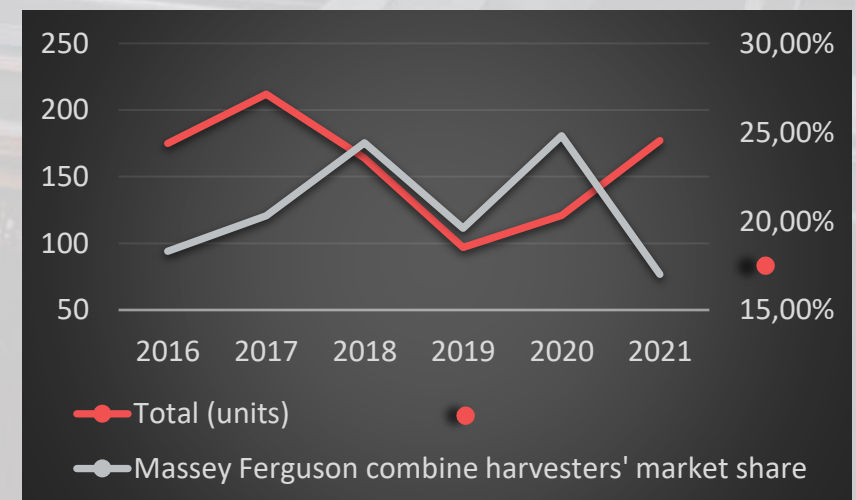


AGRICULTURAL MACHINERY MARKET

Tractors	2016	2017	2018	2019	2020	2021
Total (units)	1148	718	754	539	698	807
Massey Ferguson tractors (units)	125	117	124	98	141	141
Massey Ferguson tractorsmarket share	11%	16%	16%	18%	20%	18%



Combine harvesters	2016	2017	2018	2019	2020	2021
Total (units)	175	212	164	97	121	177
Massey Ferguson combine harvesters (units)	32	43	40	19	30	30
Massey Ferguson combine harvesters' market share	18%	20%	24%	20%	25%	17%



* Market of new machines , dedicated for professional farming , registered by farm entities



COMPANY PROFILE

AB East West Agro (EWA) is one of the largest agricultural machinery and equipment sales companies in Lithuania. The main services provided are:

- Sales of new agricultural machinery;
- Sales of used agricultural machinery;
- Rental of agricultural machinery;
- Service and maintenance of agricultural machinery, supply of spare parts.

MAIN SHAREHOLDERS

Name	Percentage of shares held
Danas Šidlauskas	39,91%
Gediminas Kvietkauskas	39,67%
Multi Asset Selection Fund	8,63%
Kiti smulkieji akcininkai	11,79%

** Company owns 23434 of its own shares*

