



**EWA**

 AB East West Agro

# **INTERIM REPORT 2023**

## Comment

In 2023, AB East West Agro (EWA) (hereinafter referred to as the Company) generated revenues of 35 million euros, which decreased by 18 % compared to 2022. Net profit decreased by 51 % to 1.67 million euros, and EBITDA decreased by 40 % to 2.64 million euros.

According to the Agricultural Machinery Register data, the tractor market contracted by 29 %, while the grain combine harvesters market remained stable, decreasing by 3.5 %. The main supplier (Massey Ferguson) failed to meet global tractor demand, leading to a shortage of tractors for the Company in the first half of the year. At the same time, the supply of grain combines was smooth, so the Company successfully compensated for the tractor shortage with successful grain combine sales in the first half of the year.

In the second half of the year, equipment supply recovered, but there was a significant drop in equipment demand not only in Lithuania but also throughout Europe. The increasing interest rate (EURIBOR), falling grain purchase prices, and high production costs due to record-high fertilizer prices (acquired in 2022) began to significantly impact the market.

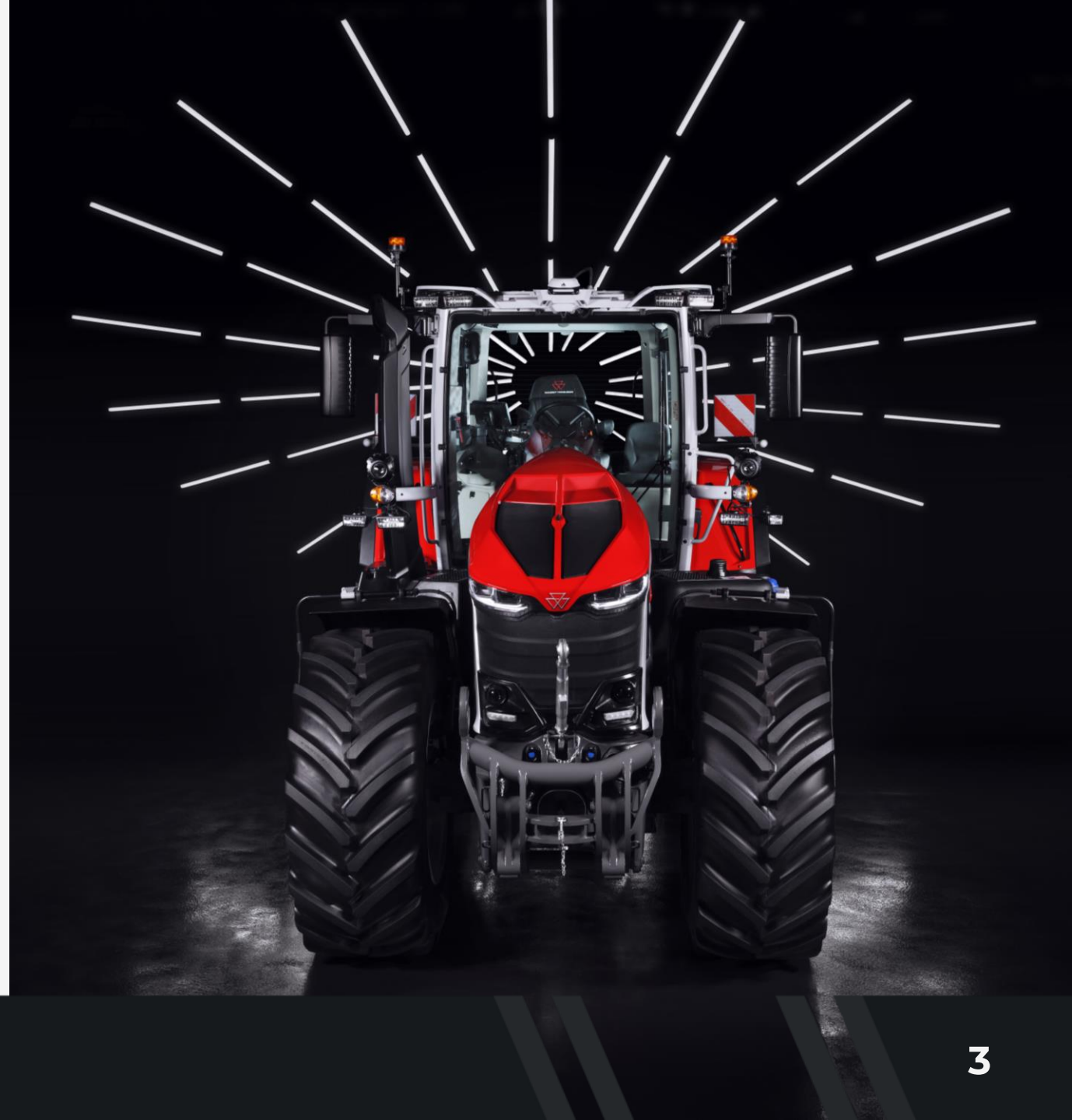


## Comment

The situation in the livestock sector has been challenging - purchase prices for raw milk and meat cattle remain extremely low. Natural conditions were also unfavorable: in some parts of the country, a natural drought was declared, and the harvest in northern Lithuania suffered from hails.

Farms are finding it increasingly difficult to comply with the requirements of the European green course, as they increase the cost of production and make it non-competitive in the global market. Subsidization lags behind the requirements and fails to compensate for the losses incurred. This has provoked protests from farms not only in Lithuania but also across almost the entire European Union.

Protests yield positive results for farms, as both European and national decisions are being reviewed, with discussions on their cancellation or postponement. It is expected that the EU's green course concept will adapt to current political issues worldwide, thereby facilitating the operation and financial situation of farms.









## Budget

The company's management has drafted the budget for the year 2024, in which projected sales revenue should reach 37 million euros, pre-tax profit should amount to 2 million euros, and EBITDA is expected to reach 2.9 million euros.

The EWA strategy remains unchanged - focusing on high value premium products aimed at professional farming. It leads to a yearly augmentation in the average horsepower of sold tractors and combines, consequently causing a rise in the average unit price.







## Key Financial Indicators

Indicator	2021.12.31	2022.12.31	2023.12.31
Revenue, mil. Eur	35,57	42,69	35,18
Gross Profit, mil. Eur	6,33	8,33	6,86
Gross Profit Margin, %	17,79	19,50	19,49
EBITDA, mil. Eur	3,06	4,43	2,64
Net Profit, mil. Eur	2,05	3,39	1,67
Net Profit Margin, %	5,76	7,95	4,75
EPS, Eur	2,05	3,39	1,67
Financial Debt, mil. Eur	1,43	0,32	5,32







## Revenue Distribution by Product Groups

Product Group	2021.12.31	2022.12.31	2023.12.31	(2022-2023)
Machinery Sales, mil. Eur	31,52	36,37	28,52	-21,58%
Spare Parts Sales, Services, mil. Eur	3,56	4,22	4,71	+11,61%
Other, mil. Eur	0,49	2,30	1,95	-15,22%





## Machinery Distribution by Products

Product	2021.12.31	2022.12.31	2023.12.31	(2022-2023)
Tractors, mil. Eur	17,45	21,83	13,92	-36,23%
Combine Harvesters, mil. Eur	7,62	8,05	9,55	+18,63%
Implements, mil. Eur	6,45	6,49	5,05	-22,19%

## Agricultural Machinery Market\*

<b>Tractors</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total, units</b>	<b>539</b>	<b>698</b>	<b>807</b>	<b>934</b>	<b>666</b>
<b>Massey Ferguson Tractors, units</b>	<b>98</b>	<b>141</b>	<b>141</b>	<b>171</b>	<b>83</b>
<b>Massey Ferguson Tractors Market Share, %</b>	<b>18</b>	<b>20</b>	<b>18</b>	<b>18</b>	<b>12</b>

<b>Combine Harvesters</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total, units</b>	<b>97</b>	<b>121</b>	<b>177</b>	<b>181</b>	<b>175</b>
<b>Massey Ferguson Combine Harvesters, units</b>	<b>19</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>31</b>
<b>Massey Ferguson Combine Harvesters Market Share, %</b>	<b>20</b>	<b>25</b>	<b>17</b>	<b>17</b>	<b>18</b>

\* Market of new machines dedicated to professional farming, registered by farm entities.







# EWA

AB East West Agro

