



EWA

INTERIM REPORT FOR 2022
AB East West Agro

COMMENT

2022 was a year of growth for AB "East West Agro": revenue increased by 20% to 42.69 million EUR, net profit increased by 65% to EUR 3.4 million Eur, EBITDA - 45% to 4.33 million Eur.

The high yield of 2022 and the record crop prices significantly increased the income of farms, though the cost of agricultural production was also increased by the higher prices of fertilizers, fuel and labor.

The Lithuanian agricultural machinery market in 2022 was the largest since 2016, although for the second year in a row there was a shortage of machines and machinery manufacturers could not fulfill the market demand. Production processes are expected to return to normal in the first quarter of 2023.

The general atmosphere in the agro sector is cautious. The past few years have been financially successful and profitable for the farms. The purchasing power of farms remains strong, financing sources willingly finance investments, but rising interest rates, falling grain prices and still expensive fertilizers do not allow us to forecast a significant increase in investments in agricultural machinery in 2023.

2023 BUDGET

The company's management made a budget for 2023, in which the expected sales revenue should reach 46 million. EUR. Profit before tax should reach 3.5 million. EUR, EBITDA will reach 4 million. EUR.

The main tasks in 2023 will be to continue to maintain the sales volumes of higher profitability products and services and to strengthen the positions in the markets of tractors and grain harvesters. Also, in cooperation with the main suppliers, we are looking for ways to expand geographically in the region.

OVERVIEW

In 2022, about 5.4 million tons of grain crops were harvested in Lithuania, slightly more than in 2021. Wheat avg. price was about 51%, and rapeseed avg. price was about 36% higher compared to the previous year.

Wheat	2019	2020	2021	2022
Yield, mil. t	3,3	4,46	3,6	3,6
Avg. price, Eur/t	176	174	207	293

Rapeseed	2019	2020	2021	2022
Yield, mil. t	0,684	0,923	0,883	0,76
Avg. price, Eur/t	361	361	481	607

Source: ŽŪIKVC (LŽŪMPRIŠ)

It is likely that in 2023 harvest purchase prices will be lower than in 2022, but higher than in 2021. The war in Ukraine had a strong impact on the average price of the 2022 harvest, it is estimated that the average "war component" was about 80 EUR/t.

Lithuanian grain purchasing companies paid an average price of 294 EUR/t for wheat in 4th week of 2023 (293 in the 4th week of 2022). Rapeseed in the 4th week of this year was being purchased at an average price of 607 EUR/t, 13 percent at a lower price than in the 4th week of 2022.

It should be noted that some Lithuanian farms did not sell the entire harvest in 2022, therefore 818 thousand tons of wheat were kept in warehouses on 31.12.2022 (448 thousand tons - 2021.12.31) and 68.8 thousand tons of rapeseed (9.6 thousand tons - 31.12.2021).

The 2022 harvest and record purchase prices created a good environment for investments for farming entities.

The war in Ukraine did not directly affect the company's activities, because until then no commercial activities were carried out with countries participating in the war. Indirect effects of the war, such as spikes in energy prices, had a negligible impact on the company's results, although inflation and increased raw material prices increased the cost of goods and services sold.



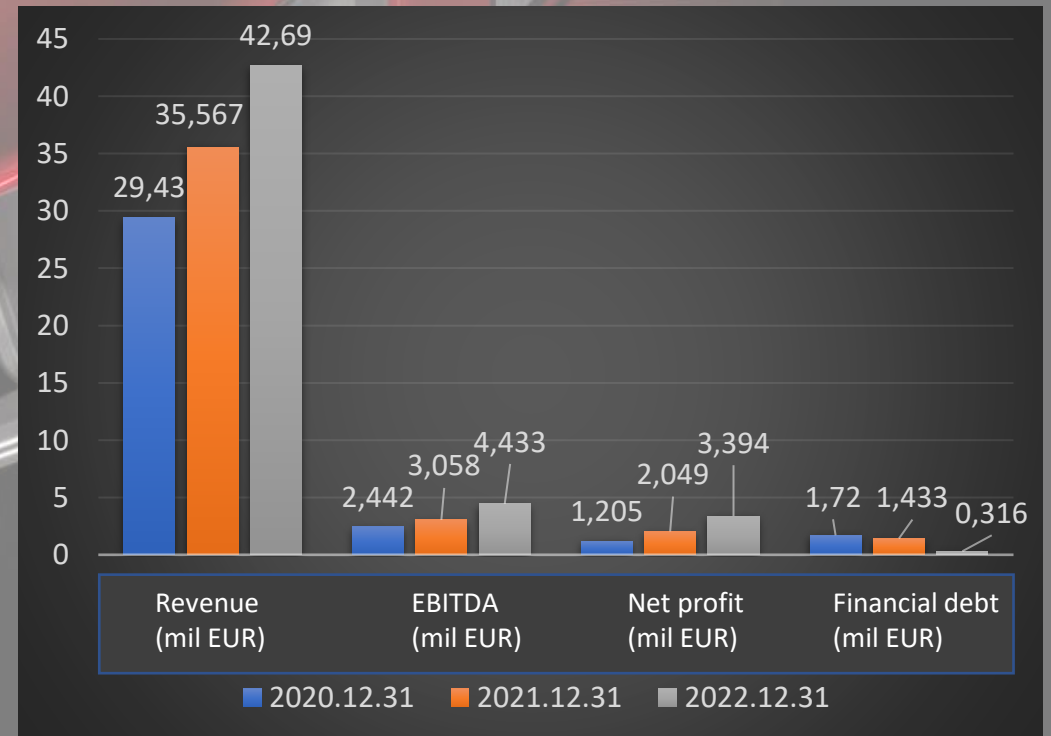
HIGHLIGHTS OF 2022

- Agricultural entities registered 16% more (934 units) of new tractors for professional farms than in 2021 (807 units). The market share of Massey Ferguson tractors represented by EWA was 18.31% (18% in 2021), and 171 Massey Ferguson tractors were registered by farm entities in 2021.
- Agricultural entities registered 46% more (177 units) of new combine harvesters for professional farms than in 2021 (121 units). Massey Ferguson combine harvesters had a market share of 17% (2021 - 25%), with 30 Massey Ferguson combine harvesters registered by farm entities in 2021.
- In May 2022 the company purchased a 4.3 ha plot in Sausinės km, Kaunas district, near the Vilnius-Klaipėda highway. An innovative EWA trade and service center will be developed on the site. This is aimed at increasing customer satisfaction and trust in the company and strengthening its position in the market, as well as increasing the volume of sales of more profitable products and services.
- At the end of 2022, 4.7 million EUR of interest-free government tax loan (which resulted from taxes deferred in 2020 due to the negative impact of COVID-19) was fully paid out.
- As the need for smart technologies in tractors and combines grew, the characteristics and value of the equipment sold grew correspondingly. The average price of a tractor rose by 22%, from 102 thousand EUR up to 125 thousand EUR, the average price of a combine harvester rose by 38%, from 190 thousand EUR up to 262 thousand EUR.



KEY FINANCIAL INDICATORS

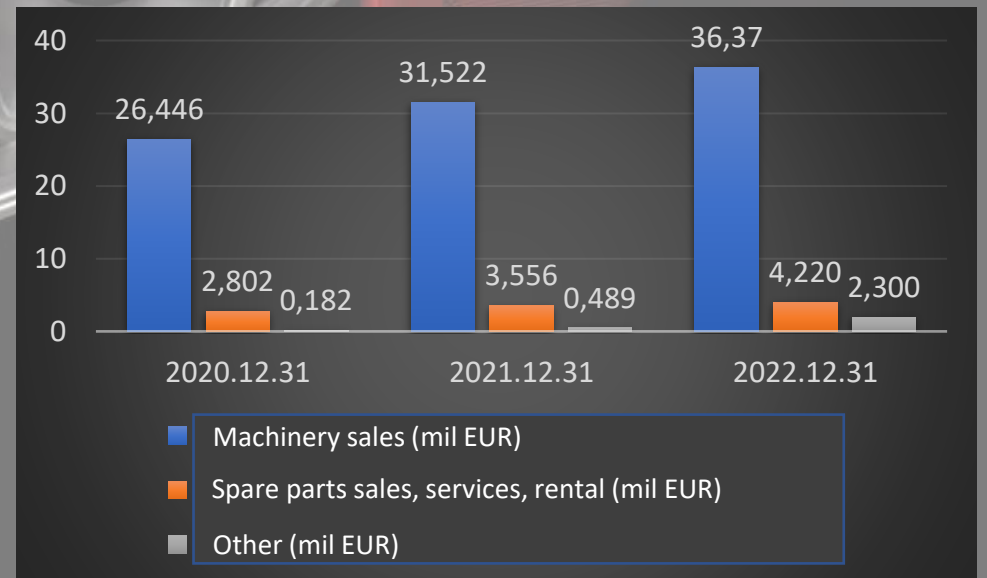
	2020.12.31	2021.12.31	2022.12.31
Revenue (mil EUR)	29,43	35,567	42,69
Gross profit (mil EUR)	4,897	6,327	8,325
Gross profit margin, %	16,64	17,79	19,5
EBITDA (mil EUR)	2,442	3,058	4,433
Net profit (mil EUR)	1,205	2,049	3,394
Net profit margin, %	4,09	5,76	7,95
EPS (EUR)	1,21	2,05	3,39
Financial debt (mil EUR)	1,72	1,433	0,316





REVENUE DISTRIBUTION BY PRODUCT GROUPS

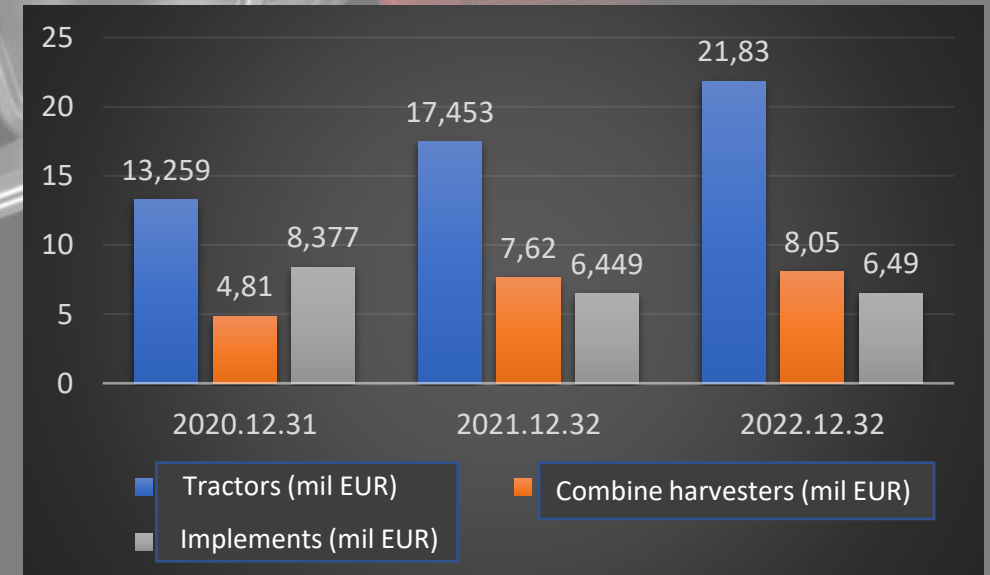
	2020.12.31	2021.12.31	2022.12.31
Machinery sales (mil EUR)	26,446	31,522	36,370
Spare parts sales, services, rental (mil EUR)	2,802	3,556	4,220
Other (mil EUR)	0,182	0,489	2,300





MACHINERY DISTRIBUTION BY PRODUCTS

	2020.12.31	2021.12.32	2022.12.32
Tractors (mil EUR)	13,259	17,453	21,83
Combine harvesters (mil EUR)	4,81	7,62	8,05
Implements (mil EUR)	8,377	6,449	6,49



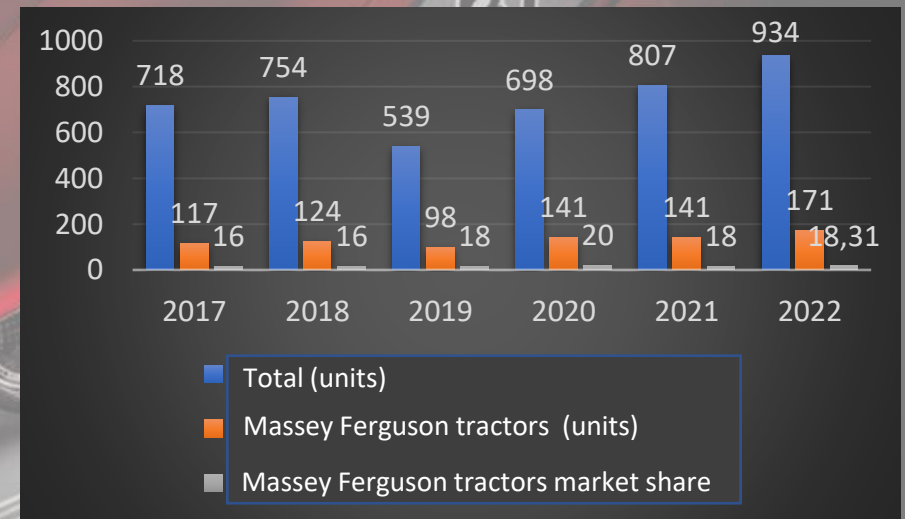


MASSEY FERGUSON

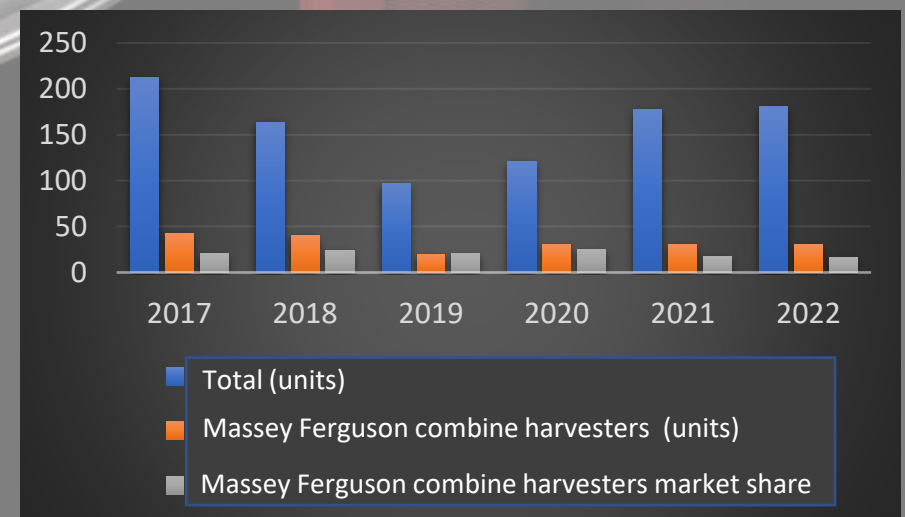
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AGRICULTURAL MACHINERY MARKET*

Tractors	2017	2018	2019	2020	2021	2022
Total (units)	718	754	539	698	807	934
Massey Ferguson tractors (unit)	117	124	98	141	141	171
Massey Ferguson tractors market share	16%	16%	18%	20%	18%	18,31%



Combine harvesters	2017	2018	2019	2020	2021	2022
Total (units)	175	212	164	97	121	177
Massey Ferguson combine harvesters (unit)	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



900-axis
traktorius

MASSEY FERGUSON

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PIRELLI

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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	40,00%
Gediminas Kvietkauskas	39,67%
Multi Asset Selection Fund	8,63%
Rest of shareholders	11,70%

* Company owns 35918 of its own shares

