

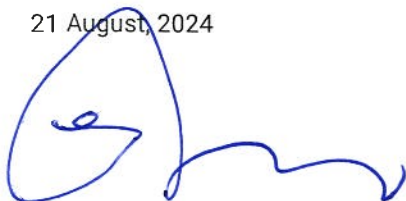
## Confirmation of the Responsible Persons

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Bank of Lithuania, we, Darius Zubas, CEO of AB Akola Group and Mažvydas Šileika, CFO of AB Akola Group, hereby confirm that, to the best of our knowledge, the unaudited Interim Consolidated Financial Statements of AB Akola Group for the twelve months of the financial year 2023/24, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Akola Group and the Group as well. We also confirm that the Interim Consolidated Report for the twelve months of the financial year 2023/24 includes fair review of the business development and activities, together with the description of the major risks and indeterminations incurred.

CEO of AB Akola Group

Darius Zubas

21 August, 2024



CFO of AB Akola Group

Mažvydas Šileika

21 August, 2024





# **AB Akola Group** **Consolidated Interim Report** of 2023/2024 Financial Year

For the 12-month period ended 30 June 2024

## Introduction

AB Akola Group (formerly AB Linas Agro Group), together with its directly and indirectly controlled entities (hereinafter - subsidiaries), is the largest agri-food group in the Baltics, operating across the entire food production chain.

The subsidiaries owned by the Company produce, handle and merchandise agricultural and food products, also provide products and services for farming.

The Company itself has only a management function and does not engage in trading or manufacturing activities. The Company has no branches or representative offices.

This interim report is prepared for the twelve months of the financial year 2023/2024, and all the figures are stated as at 30 June 2024, unless otherwise indicated.

All financial data in this report are prepared in accordance with Financial Reporting Standards unless otherwise stated. The financial result is unaudited.

AB Akola Group may also be referred to as the Company and the Company together with its subsidiaries as the Group.

## Contact Person

Chief Financial Officer

MAŽVYDAS ŠILEIKA

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# 1. Key Data on the Company and the Group

Company name	AB Akola Group (AB Linas Agro Group until 4/12/2023)
Legal form	Public limited company
Date and place of registration	27 November 1995, Panevėžys
Legal entity code	148030011
LEI code	529900UB9QON717IL030
VAT identification number	LT480300113
Company registers	State Enterprise Centre of Registers (Valstybės Įmonė Registrų Centras)
Registered office address	Subačiaus St. 5, LT-01302 Vilnius, Lithuania
Phone	+370 663 83888
Email	info@akolagroup.lt
Website	www.akolagroup.lt
Bank account	LT077044060002637111, AB SEB Bankas, bank code 70440
ISIN code	LT0000128092
Ticker in Nasdaq Vilnius	AKO1L
Start of the financial year	1 July

As of 30 June 2024, AB Akola Group had:

**4,959**  
Employees

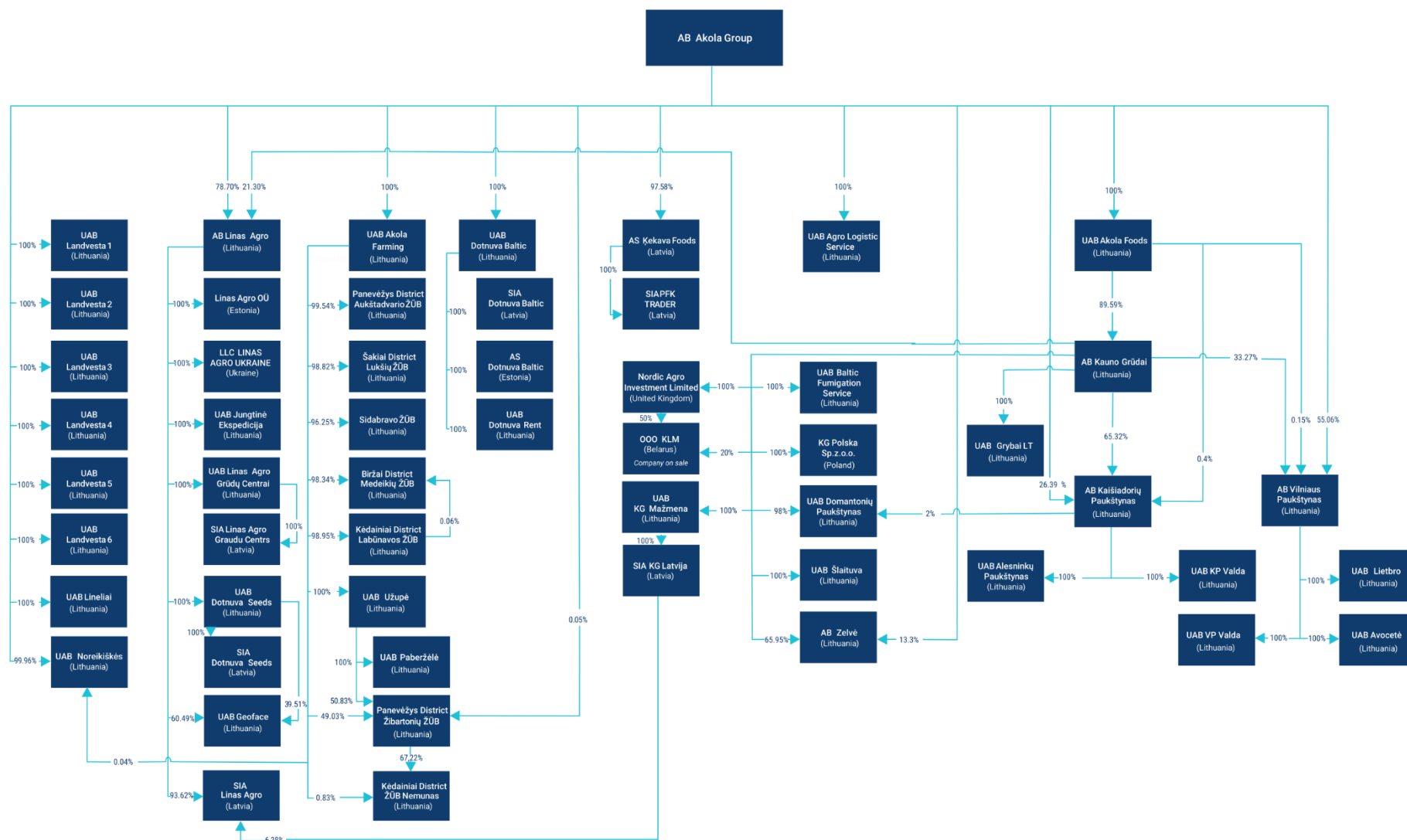
**64**  
Subsidiaries

**4**  
Associates

## 1.1. Subsidiaries

As of 30 June 2024.

The scheme excludes dormant, associated companies and the companies under liquidation: SIA KEKAVA BIOENERGY (founded 21/6/2024, 100% owned by AS Kekava Foods), UAB Gerera (100% owned by AB Linas Agro), deregistered on July 2, 2024, UAB Kormoprom Invest (under liquidation, 100% owned by AB Akola Group), UAB Akola Poultry (100% owned by AB Akola Group), UAB Sunvesta (100% owned by AB Akola Group), Linas Agro A/S under liquidation (100% owned by AB Linas Agro), UAB Kaišiadorių Paukštyno Mažmena (99% of shares owned by UAB Uogintai and 1% - by AB Kaišiadorių Paukštynas), KG Eesti OU (100% of shares owned by AB Kauno Grūdai), UAB Uogintai (100% of shares owned by AB Kaišiadorių Paukštynas), Kooperatyvas Baltoji plunksnelė (20% of shares owned by each of UAB Domantonių Paukštynas, UAB Lietbro, AB Zelvė, UAB Avocetė and UAB Alesninkų Paukštynas), KG Khumex B.V. (associate, 50% owned by AB Akola Group), KG Khumex Coldstore B.V. (associate, 25% owned by AB Kaišiadorių Paukštynas and 25% - by AB Vilniaus Paukštynas), UAB OMG Bubble Tea (associate, minority stake owned by AB Akola Group), Brite Drinks Ltd (associate, minority stake owned by AB Akola Group).



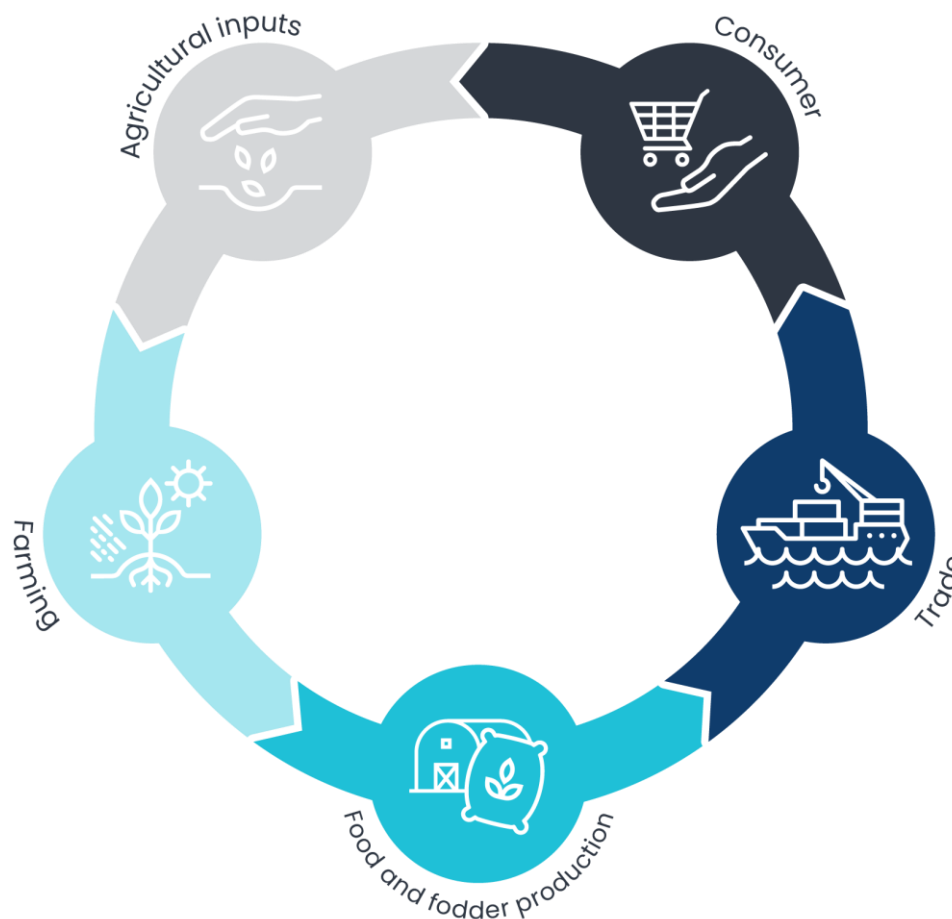
## 1.2. The Group's Business Model

The Group's core products are grain, oilseed, compound feed, feed materials and additives, milk, poultry meat and poultry products, flour and flour products, instant food and ready-to-eat food, pet food, veterinary pharmaceuticals, and goods to the farmers.

The field-to-table production chain provides self-sufficiency in raw materials, ensures process traceability and the quality of the products produced.

The Group aims to be among the top three agricultural partners in all the Baltic States, to have a sustainable agricultural business, and to become more visible on the international market as a producer of wholesome and varied food.

From the start of the financial year 2023/2024, the Group's activities are divided into four business segments: 'Partners for farmers', 'Food Production', 'Farming' and 'Other Products and Services'.



## A Place in Food Value Chain

- The largest agribusiness and food production group in the Baltics.
- One of the largest exporters of Lithuanian and Latvian grain.
- The largest producer of poultry meat in Lithuania and Latvia.
- A major milk producer in Lithuania with the most efficient dairy farms.
- One of the leading suppliers of certified seeds, fertilizers, plant care products and agricultural machinery to farmers in Lithuania.
- Leader in the production of instant foods in the Baltic States.

Revenue  
**1.5**  
Billion

Performance in twelve months  
of FY 2023/2024



## 2. Activity and Financial Results of the Group

### 2.1. Financial indicators

thousand EUR, unless stated otherwise

	2019/20 12 months	2020/21* 12 months	2021/22 12 months	2022/23 12 months	2023/24 12 months
Sales in tons	2,233,808	3,155,329	3,689,585	3,708,820	3,025,143
Revenue	657,700	942,442	1,895,667	1,999,617	1,506,238
Gross profit	45,664	51,201	188,859	137,969	152,028
Gross profit margin, %	6.94	5.43	9.96	6.90	10.09
EBITDA	25,923**	33,401**	132,173	67,318	74,835
EBITDA margin, %	3.94	3.54	6.97	3.37	4.97
EBITDA (excluding the impact of IFRS 16)	23,860	29,267	127,113	62,578	68,275
EBITDA margin (excluding the impact of IFRS 16), %	3.63	3.11	6.71	3.13	4.53
Operating profit	14,827	19,467	103,619	41,492	47,384
Operating profit margin, %	2.25	2.07	5.47	2.07	3.15
Profit before tax (EBT)	11,931	16,797	90,841	25,760	28,280
Profit before tax margin, %	1.81	1.78	4.79	1.29	1.88
Net profit	10,004	14,189	77,257	20,817	26,334
Net profit margin, %	1.52	1.51	4.08	1.04	1.75
Readily marketable inventories (RMI)	13,735	21,224	26,798	37,689	17,823
Current ratio	1.31	1.44	1.25	1.27	1.32
Debt/Equity ratio	1.24	1.15	2.12	1.99	1.79
Net financial debt / EBITDA	5.38	3.23	2.08	4.68	4.03
RMI-adjusted net financial debt / EBITDA	4.85	2.66	1.90	4.18	3.82
Return on equity to shareholders, %	5.52	7.23	27.60	6.97	8.22
Return on capital employed in the company's activities, %	4.77	6.61	18.97	7.03	7.95
Return on assets (ROA), %	2.47	3.37	8.85	2.33	2.95
Basic and diluted earnings per share (EPS)	0.06	0.09	0.46	0.16	0.17
Price earnings ratio (P/E)	9.37	9.19	2.48	8.51	6.98
Dividends for the financial year paid per share, in euros	-	-	0.0312	0.0259	-
Dividends paid for the financial year to net profit of the period, %	-	-	6.47	20.03	-

\* To ensure more accurate representation of the activity, Company has revised the methodology relocating loss and/or gain from currency exchange line items to results of financial activity in the in separate and consolidated financial statements, therefore EBITDA, Operating profit and related ratios were adjusted for the comparative period 2021/2022.

\*\* Excludes depreciation of EUR 2,647 thousand (EUR 2,567 thousand for the financial year 2022/2023, EUR 2,229 thousand for the financial year 2021/2022 and EUR 2,186 thousand for the financial year 2020/2021) on biological assets (crops) sold during the period and related to the previous period (for the other comparative periods, the impact of such depreciation was not material).



## Explanation of terms

EBITDA	Equals operating profit before depreciation, amortization and impairment losses.
Operating profit	Equals profit before net from investments and finance activities, and income tax.
Profit before tax (EBT)	Equals profit before income tax.
Profit margin for the period	Profit of the period expressed as a percentage of total revenue.
Net financial debt	The amount of cash and cash equivalents has been deducted from non-current liabilities, current liabilities to financial institutions and lease liabilities.
Capital employed in the company's activities	The sum of equity and long-term and short-term liabilities to financial institutions.
Current solvency, coefficient	Current assets divided by current liabilities.
Debt/Equity ratio	Long-term and short-term liabilities as a percentage of Shareholders' equity.
Return on equity (ROE), %	Net profit for the period as a percentage of average Shareholders' equity for the period.
Return on capital employed (ROCE), %	Operating profit (EBIT) for the period expressed as a percentage of capital employed for the period. The value of the denominator is calculated as the sum of equity attributable to shareholders, long-term and short-term loans as well as leasing liabilities not related to right of use assets.
Profit/price ratio (P/E)	Closing Company's share price at Nasdaq Vilnius stock exchange at the end of reporting period divide by rolling 12 months' earnings per share.
Readily Marketable Inventories (RMI)	Inventories to which full unencumbered legal and beneficial title belongs to a member of the Group and are readily convertible into cash within less than 90 calendar days on the basis that such inventories are: (a) the subject of contracts traded on futures markets and/or price risk is covered by other forward sale and/or hedging transaction; (b) liquid and widely available in a range of markets due to homogenous product characteristics and international pricing; (c) such inventories are not held for processing and/or conversion into a more value-added product; and (d) liquidation of such inventories would not have a material adverse effect on the particular business franchise.
RMI-adjusted Net financial debt	Net financial debt after deducting 90% of Readily Marketable Inventories of the relevant period.

The consolidated revenue of the AB Akola Group for the fourth quarter of the 2023/2024 financial year decreased from EUR 499 million to EUR 382 million. Gross profit for the fourth quarter increased from EUR 25 million to EUR 48 million, and operating profit was EUR 22 million, compared to EUR 1 million operating profit last year. The net profit was EUR 17 million, compared to EUR 4 million net loss in the corresponding period last year.

## 2.2. Overview

### Impact of Food and other Input Prices on the Group's activity

In the operations of different segments of the Group, volatility in both food and non-food prices have a significant impact not only on income generation, but also on management of costs. The most significant direct impact of price changes on the Group's segments is manifested in the activities of the following categories:

Operating Segments	Activity category	Prices					
		Cereals, oilseeds, feed ingredients	Milk	Meat	Energy resources	Industrial metals	Cost of borrowed capital
Partners for farmers	Grain storage and logistics services				•		
	Trade in cereals and oilseeds	•					•
	Feed business	•			•		
	Supplying seeds, plant protection products and fertilizers to farmers	•			•		•
	Provision of agricultural machinery, spare parts, servicing and rental services to farmers				•	•	•
	Other services for farmers					•	
Farming	Growing cereals, oilseed rape, sugar beet and other crops	•					
	Dairy production and beef cattle farming	•	•	•			
Food production	Poultry farming business	•		•	•		
	The business of manufacturing fast-moving products	•			•		
	The business of manufacturing flour and flour mixtures, breadcrumbs and breeding mixes	•			•		
Other products and services	Trade in veterinary medicines, manufacture of pet food, etc.	•			•		

• - Significant influence

## 2024/2025 harvest early indications

## Price actualities of other essential positions

The activity of the Group companies within the 12 months of the financial year 2023/2024, was to high extent shaped by the outlook and indications for both - materializing 2023/2024 (please refer to previously published reports of the Group) and coming 2024/2025 GRAIN & OILSEEDS harvest. At the date of publication of this report, 2024/2025 harvesting is already in progress, enabling the preliminary outline of the financial year 2024/2025.

### 2024/2025 harvesting progress and expectations:

- so far based on condition of completed, as well as approaching harvesting crop – indications of 2024/2025 output look optimistic; based on 2024 July data provided by International Grains Council (IGC) - the **world grain production** is expected to pencil in another record year, delivering 2,321 million tons harvest compared to 2,299 million tons estimate for 2023/2024 (+1%):
  - without predominant impact from one producing country, increases for United States, Canada, Kazakhstan, China, India, Pakistan, including higher expectations for Australia, Argentina, harvest shall ensure offset of decreases from Russia, Ukraine, Europe, expecting world wheat production result to be potentially the second largest on record;
  - IGC projects global maize output to edge to a new peak in 2024/2025, slightly exceeding last season's record and attributing mainly to strong results in Brazil and broadly favourable conditions in China;
- the **world oilseed production** is also aiming for another record, delivering 691 million tons harvest (compared to 657 million tons estimate for 2023/2024), connected with anticipated soya output peak and projected production increases for United States, Argentina, also Brazil; estimate for high-oil content seeds indicates minor uptick in rapeseed production and somewhat more noticeable drop in global sunflower seed output, mainly related with adverse weather conditions in Ukraine, Russia, Europe;
- **consumption** for both – coarse grain and oilseeds is set to increase, yet stock to use ratios for two categories will continue diverging into different directions (coarse grain stock-to-use ratio is seen the lowest since 2012/2013, oilseeds – highest since 2018/2019); wheat and maize shall be absorbed in full, slightly exceeding production amounts and adding up to again lower **inventory level** y-o-y, while oilseeds inventories on the contrary - shall be further piling up;
- regardless of different availabilities, both categories were dominated by a lower **price environment** so far; while downward tendencies for soya are quite well explained with abundant supply, coarse grains shall theoretically have more potential for future recovery, though perhaps limited by the fact that (despite lower anticipated harvests) - Russian wheat outputs shall remain significant enough to keep this cheaper origin in leading exporter seat; overall, excluding some short-lived price increases in Apr-May, 2024 (*mainly related with spring dryness and May frosts in Russia, as well as concerns over setting in EU, South America*) – conditions globally are considered more or less favourable and lately increasing seasonal availability from ongoing harvests in the northern hemisphere continues pressuring cereal prices after the end of the reporting period.
- According to unofficial data of farms and analysts, the grain harvest of 2024 might be one of the largest, reaching approx. 13.5 million tons in three **Baltic countries** altogether, 7.5m million tons of which allocating to Lithuania; such early projections does not estimate impact of end of July, 2024 storm in Lithuania, though expectations remain more or less positive.

In addition to GRAIN & OILSEEDS market trends, which at higher or lower scale are impacting majority of Group's activities, the actualities of other essential positions, such as VEGETABLE OIL, MILK, POULTRY, ENERGY prices – are covered below:

- **vegetable oil** – higher global quotations across palm, soy, sunflower and rapeseed oil were seen lately; while palm, sunflower and rapeseed oil prices were supported with below potential output, higher soy oil prices reflected lasting demand from Americas biofuel sector;
- **energy:**
  - ongoing hostilities near key **natural gas** transit station in Sudzha (Russia's Kursk region, close to the border with Ukraine) converted itself into inclines of European natural gas futures values lately; still, latter illustrates no drastic change in the curve, as for the interest of all parties Russian gas continues to flow through Ukraine and potentially will do so until the gas transit agreement expiration at 2024 year end; overall it's fair to say, that despite increases lately, European natural gas prices shall be considered both - relatively stable, as well as affordable during the latest financial year, relating mainly to solid Europe's gas storage inventories in the recent past (filled approx. 77% at the end of both - FY 2022/2023 and FY 2023/2024, in comparison to approx. 58% at the end of FY 2021/2022);
  - United States **crude oil** inventories at it's lows, supply concerns from other extraction points, as well as more positive United States job data early in August of 2024 (easing fair of US recession to some extent) – were factors recently supporting crude oil price increases; still, in combination with Middle East conflict escalation risks going back and forth, the overall trend remains difficult to define; despite that, throughout the reporting period Brent crude oil futures values were conveniently fluctuating in somewhat isolated (even if elevated) corridor of 75-90\$ per barrel;
  - meanwhile – while average monthly wholesale **electricity** prices in Lithuania demonstrated occasional variations throughout the reporting period (playing in the wide range of 60-120 EUR per MWh), such were still far away from extreme hikes back in 2022;
- despite far-off the highs recorded in 2022, the European **milk** prices stayed relatively stable lately, while Lithuanian market seen ongoing declines in previous months, demonstrating characteristics typical of a small market with intense competition and causing continuous headaches for the local farmers; in Lithuania FY 2023/2024 prices were roughly 13 percent lower compared to prices withing FY 2022/2023 (please refer to graph 'Purchase prices for basic parameters milk in Lithuania');
- average **poultry** prices were looking fine lately – presenting very satisfactory spread between continuously quite stable average broiler carcass prices in Europe and more expensive chicken parts (please refer to the graph 'Fresh fillet price dynamics in Poland' below, illustrating the price of the most profitable poultry product). Production in EU markets seems to be stable and high (or close to maximum capacities), demand is meanwhile increasing, seeing continuous consumer preference for poultry meat; on top of that – the pace of European exports in the beginning of 2024 was higher, compared to the pace of imports into Europe, in the meantime noticing slightly different import countries composition (less cheap origin), explaining favourably higher prices; latter, in combination with lower feed costs seems to be supporting the business case in the sector lately, though further favourable price dynamics are indeed not guaranteed; while there is a potential for positive effect of European import quota for Ukraine (into force since June, 2024 until June, 2025), one can fear over other shifts in trade flows coming as well (lower imports by China, might cause pressure on cheaper cuts price, coming from quantities of China's key suppliers, such as United States, Brazil, Russia); also, additional future price pressure factors could

be - sports events (such as Olympic games, football championships) driven consumption cool-off, increasing capacities by competitors, including possibilities of transition between different livestock;

- central banks campaign of consecutive interest rate increases resulted in elevated cost of investments, as well as financing of working capital for two years already; after market's well predicted first interest rate cut by ECB in June, 2024, the number and severity of subsequent cuts is debated by investors again and again, lately changing especially often in the context of US economy health and speculations around FED's action; anyhow, gradually decreasing Group companies' **borrowed capital** expense in already started financial year is considered a base case (only materiality of it remains a question).

Figures as per data provided by International Grains Council (IGC)(18 July, 2024), United States Department of Agriculture (USDA) (12 August, 2024), Food and Agriculture Organization of the United Nations (FAO) (2 August, 2024), Baltic statistical offices and unofficial statements by grain buyers and exporters.