Capital Market Story

Distribution & Logistics

Romania, September 2022

AQUILA
Focus on Excellence

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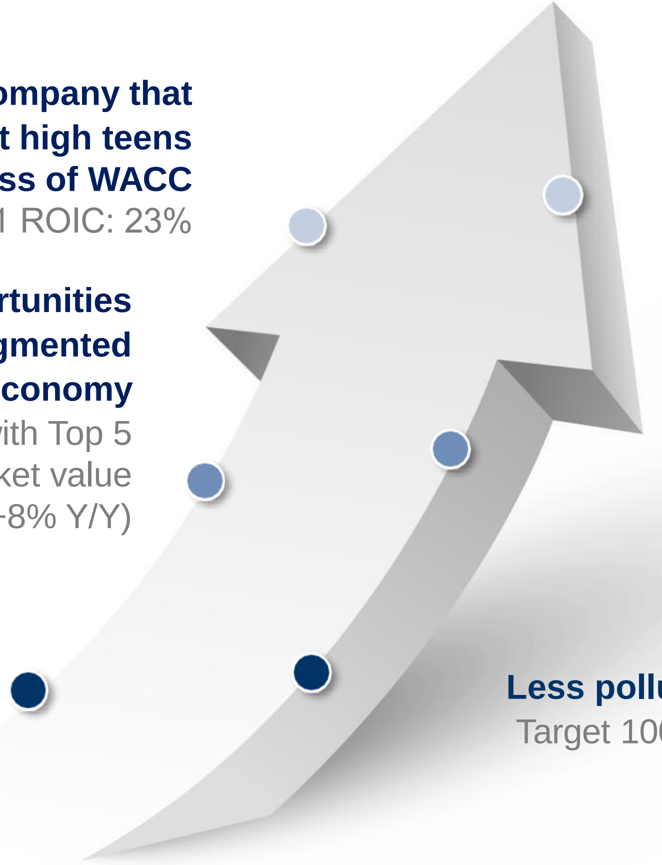
Aquila investment proposition: compounding growth, dividends and sustainability

Strong value creation

Strong value creation company that compounds shareholders wealth at high teens returns in excess of WACC
FY'21 ROIC: 23%

Well positioned to capture growth opportunities organically and through M&A in a fragmented market, in a consumption-driven economy
Domestic distribution market is fragmented with Top 5 companies holding 45% of the market value estimated at EUR 3.7b in 2021 (+8% Y/Y)

Dividends to keep up with earnings growth
MIN 40% base dividend payout ratio
Space for margins improvements through own brands development, acquisitions of complementary, A-brands producers and through digitisation
Target to double FY 2021 EBITDA in 5Y



Reduce carbon footprint by 10% p.a.
Optimising delivery routes & transport capacity
Renewable energy for warehousing
Investing in electrical vehicles for sales force

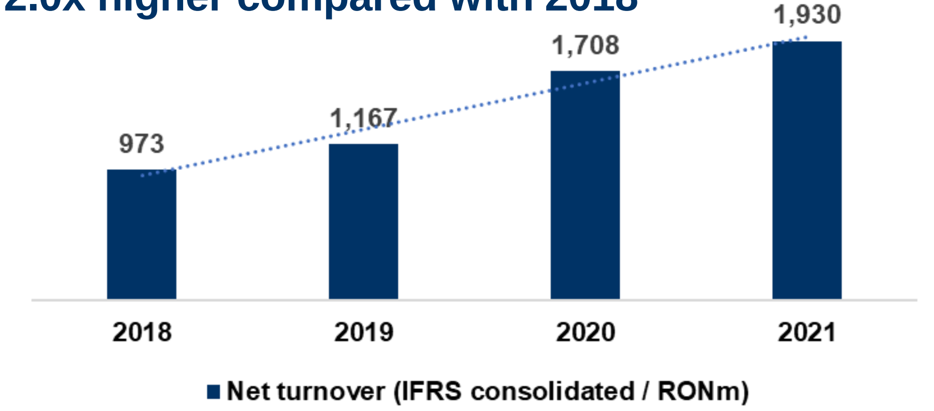
Reduce the waste by 15%
Warehousing management systems
Projects in place for reusable packaging
Certification in process for our first eco-warehouse (specific requirements for ecological goods)

Less polluting fleet
Target 100% Euro 6 fleet (70% currently) by 2024

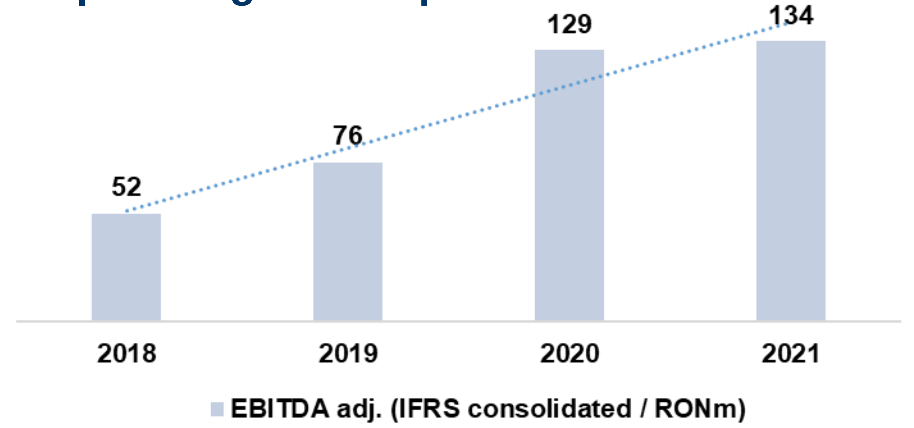
An established company with 28 years of retail ecosystem expertise and a track record of strong and consistent growth

- **A leading provider of distribution, logistics and transport services in Romania and Moldova** offering comprehensive, end-to-end, tailor-made solutions throughout the supply chain
- **An established distribution company with end-to-end supply chain capabilities.** Aquila provides national and regional coverage through **67k POS representing ~ 90% of the domestic retail universe**, while operating **one of the largest fleet in Romania (> 1,600 vehicles)** and an **ample lean logistics network of 24 facilities with a capacity of 134k pallets spread over 120k SQM**
- **A trusted brand ambassador supplying a broad portfolio of top shelf branded products.** Aquila's portfolio include top shelf brands in the product categories of **sugar confectionary** (Kinder, Rafaello, Snickers, Orbit), **food** (Knorr, Hullala, Gran Cucina, Rama), **personal care** (Rexona, Dove, Zewa), home care (Domestos, Cif, Dero, Coccolino) and **pet food** (Pedigree, Whiskas)
- Decades - old relationships and **key partner for important brand principals such as Unilever (+26Y), Ferrero (+23 Y) and Mars (+23Y)**

Aquila: Strong revenue generation | 3Y CAGR: 26% | 2.0x higher compared with 2018



Aquila: Consistent EBITDA growth | 3Y CAGR: 37% | 2.6x higher compared with 2018



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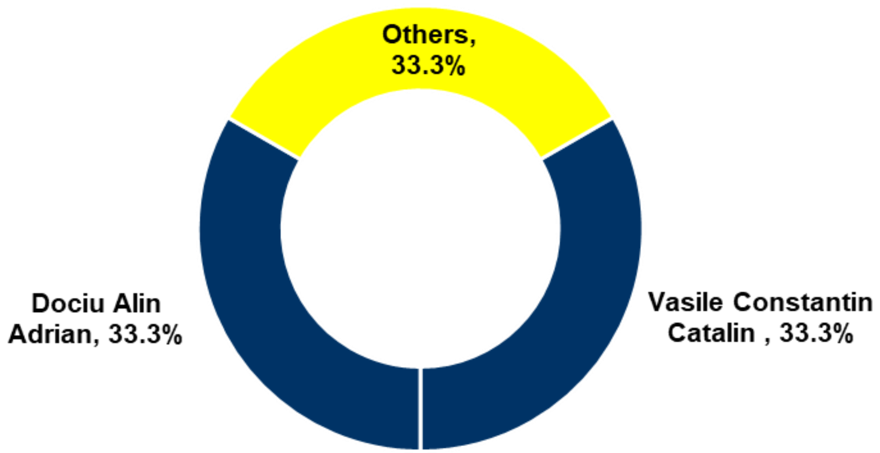
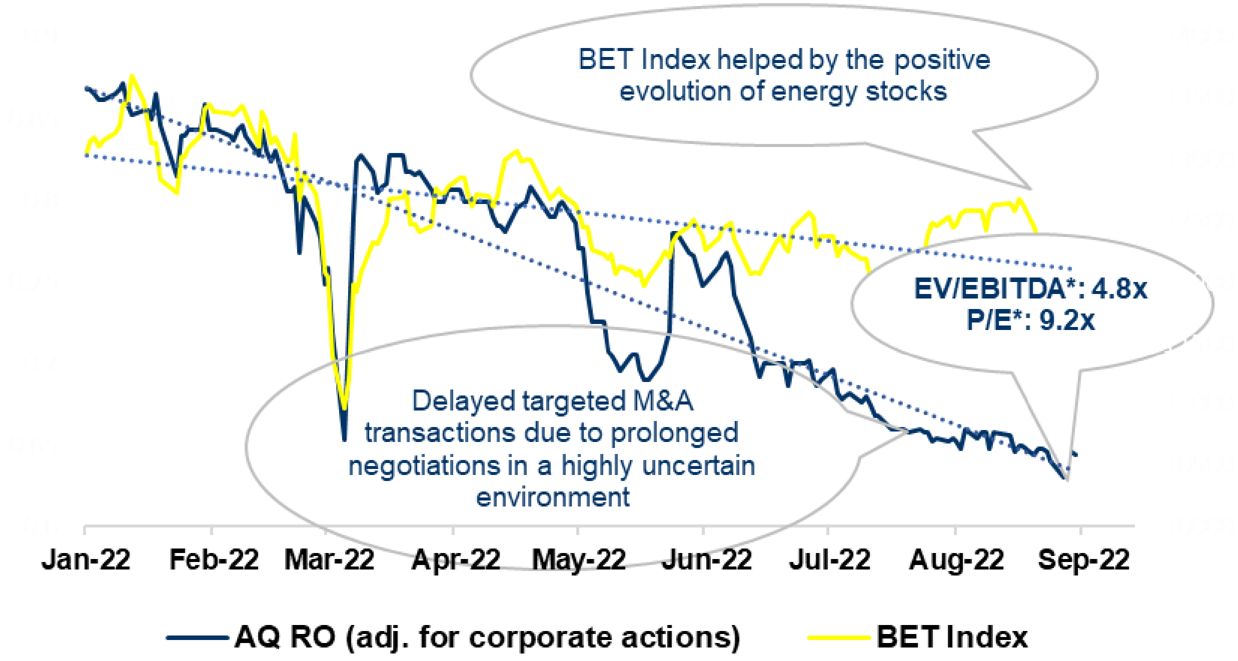
Shareholding structure and capital market environment

Aquila: Shareholding structure[1]



Share price and BET Index performance



[1]*As of June 30, 2022; * TTM EBITDA and Net profit*

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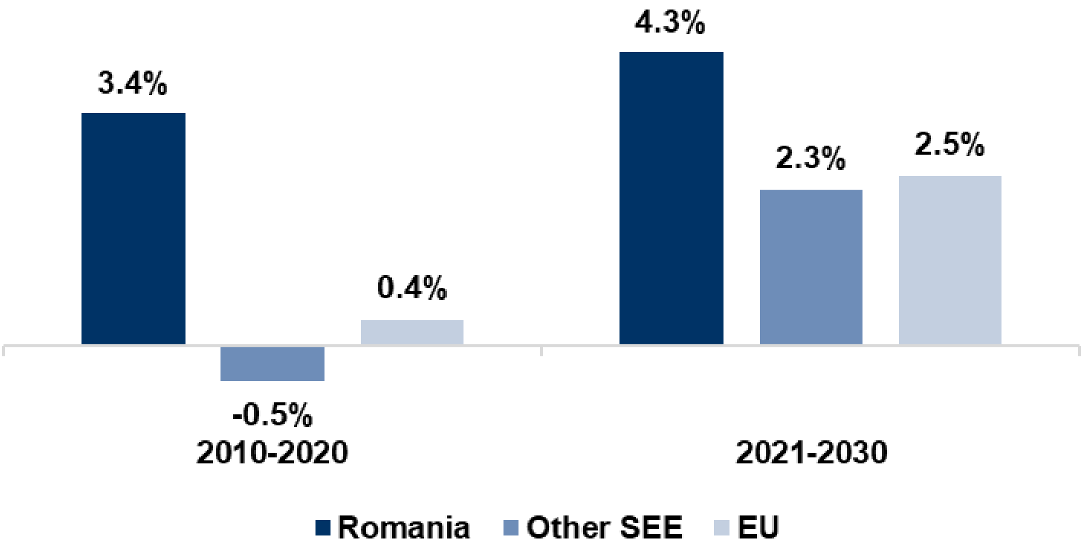
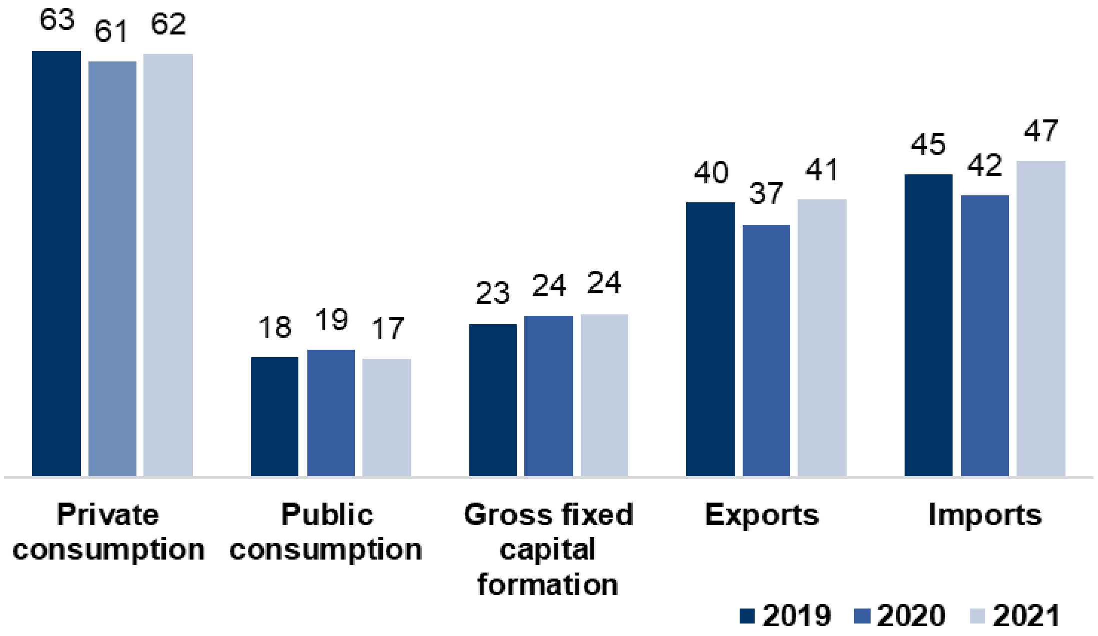
Romania is one of Europe's fastest growing economies | Private consumption in the driving seat

Romanian GDP per capita set to grow[1] (CAGR)



Romanian GDP structure (% of GDP)



[1] *Source: EU Fit for 55 program; Eurostat, the IMF; Other SEE excludes Romania but includes: Bulgaria, Serbia, Cyprus and Greece*

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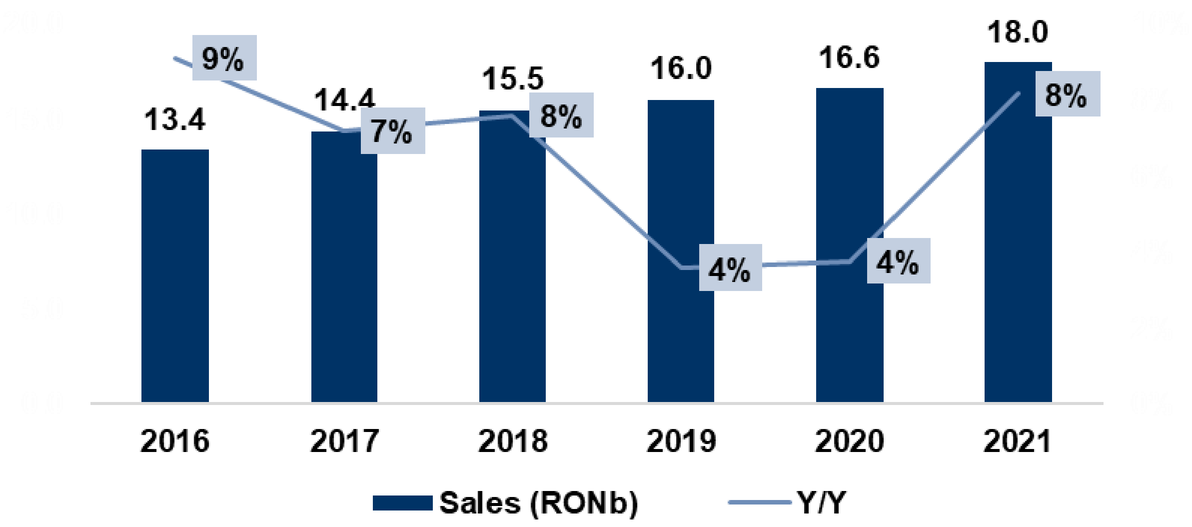
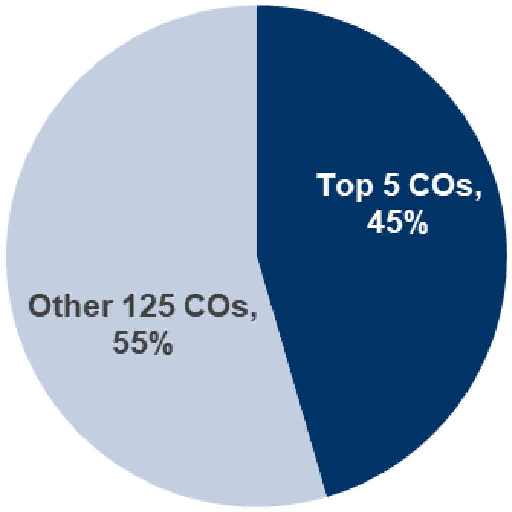
FMCG and HoReCA distribution market grew 34% in the last 5Y reaching EUR 3.7b/RON 18b in 2021 (+8% Y/Y)

Romania: FMCG & HoReCA distribution market[1]



Romania: FMCG & HoReCA distribution market concentration[1]



[1] *Source: KeysFin; EMIS*

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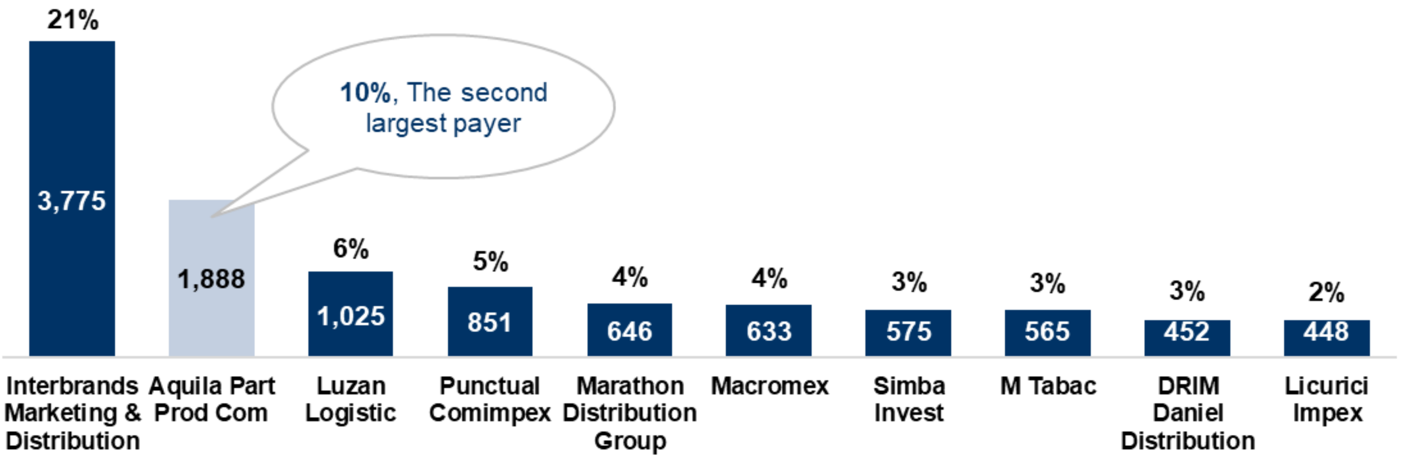
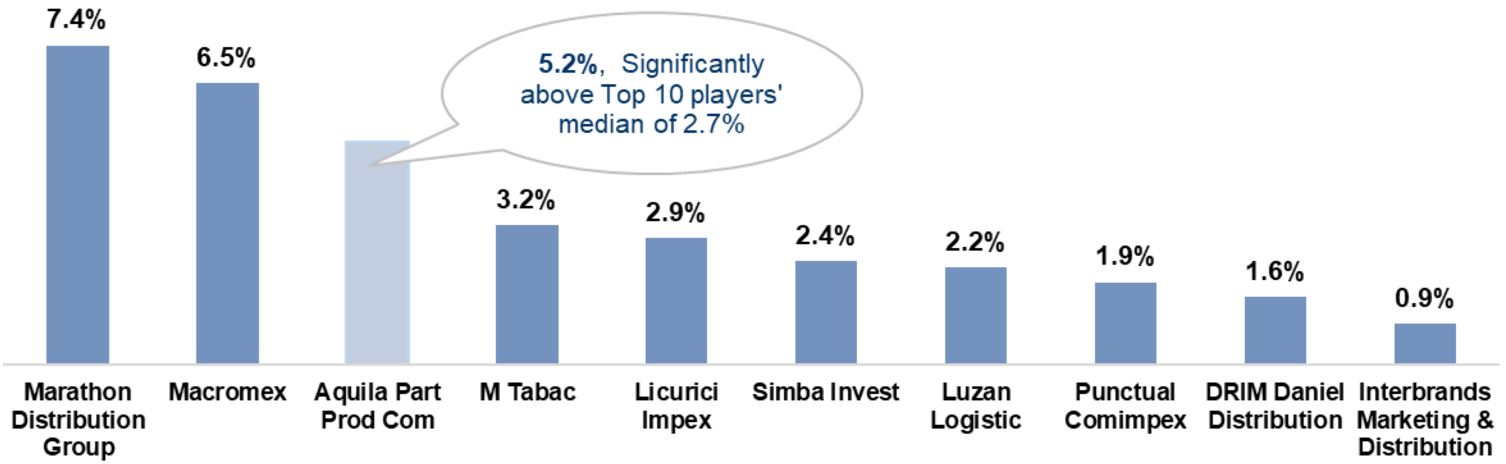
FMCG and HoReCA distribution market | Top players

Top players by market share[1]* (2021)



- Well positioned to capture growth opportunities both organically and through acquisitions within a fragmented distribution market where the Top 5 players, out of 130 companies in total, weight 45% by sales

Top players by EBITDA margin[1]* (2021)



[1] *Source: KeysFin; EMIS; * RAS individual*

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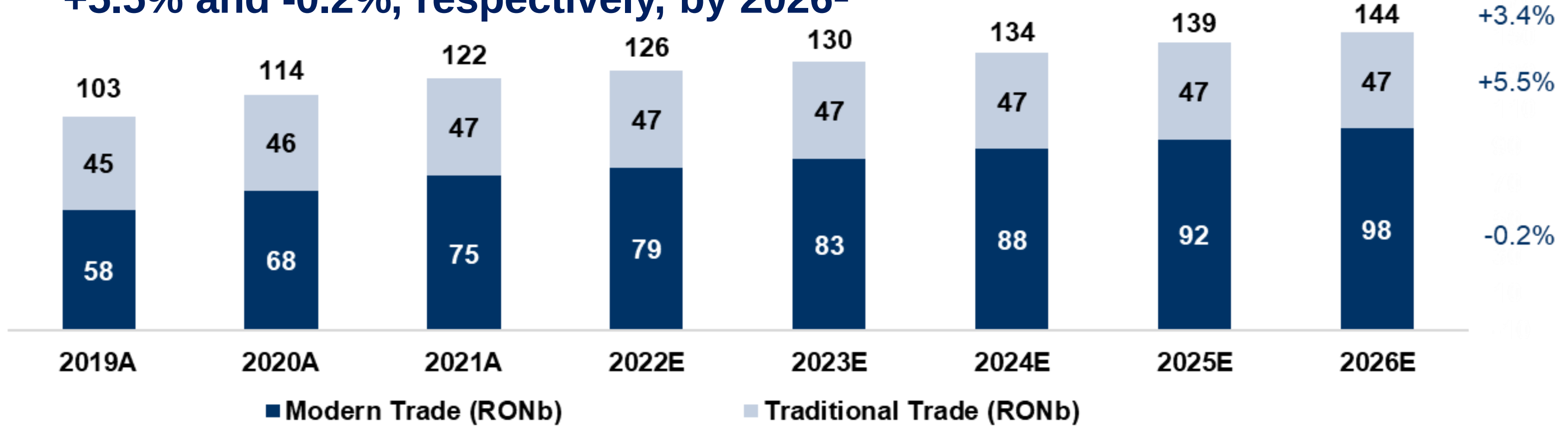
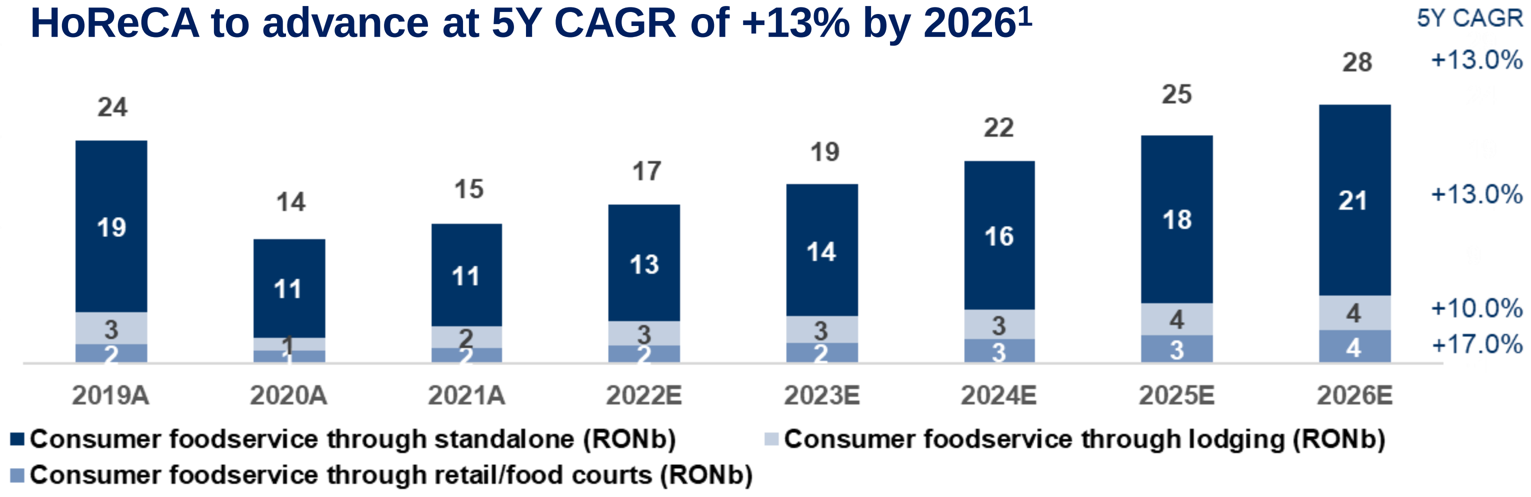
Exposure to a large addressable market | FMCG & HoReCa markets expected to expand at 5Y GAGR of 5% (cumulated)

Modern and Traditional Trade to advance at 5Y CAGR of +5.5% and -0.2%, respectively, by 2026[1]



HoReCA to advance at 5Y CAGR of +13% by 2026[1]



[1] *Source: Euromonitor International*

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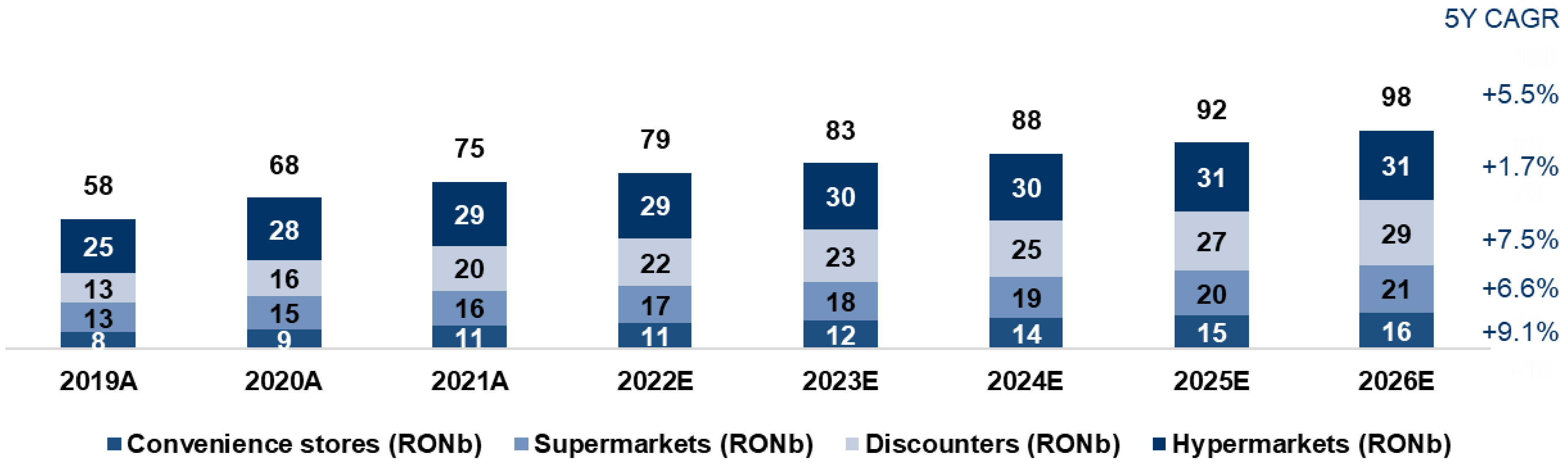
Convenience stores, Discounters and Supermarkets expected to outperfom within Modern Trade

Modern Trade by segments[1]



[1] *Source: Euromonitor International*

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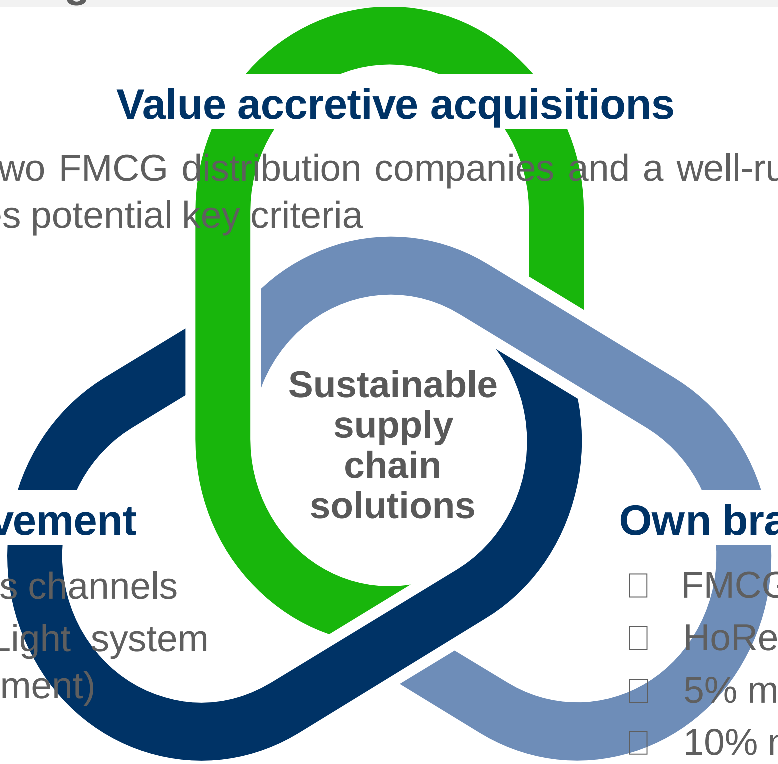
Sustainable compounding growth

Target to double FY 2021 EBITDA in 5Y



Value accretive acquisitions

- 2022-2023 target to buyout one or two FMCG distribution companies and a well-run, A-brand domestic producer which satisfy complementarity of SKUs and synergies potential key criteria

Margins improvement

- increased exposure to higher margins channels
- new ERP system in 2Y; Pick by Light system expansion in 3Y; B2B platform development)
- routes optimisation
- cross-selling SKUs and tapping into new FMCG product markets

Own brands and organic growth

- FMCG organic revenue growth target of 5% p.a.
- HoReCa organic revenue growth target of 13% p.a.
- 5% market share target for Gradena brand in 5Y
- 10% market share target for LaMasă brand in 5Y

Automation & Digitalisation | **People & Communities** | **Responsible operations**

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3Y M&A track record | + Market share | + Own brands | + Regional exposure

Agrirom
2019

- **Agrirom** (2019). In February 2019, Aquila gained **over 1% share on the distribution market** and increased its HoReCA exposure through the acquisition of Agrirom, a company specialised in the import and distribution of frozen products in Romania that ranked the 14th in Top 20 players of the domestic distribution market in 2018
- Following the acquisition, Aquila became the owner of **Gradena brand** in the category of frozen vegetables products with a **current market share of 2%** and **La Masă brand** in the category of **ready meals** for HoReCa with sales of > EUR 8m estimated for 2022
- In 2018, Agrirom reported sales of RON 231m and an EBITDA of RON 27m

Trigor
2021

- **Trigor** (2021). In May 2021, Aquila acquired Trigor that offered Aquila **exposure to the Moldovan distribution market** charaterised by significantly **higher gross margins compared with Romania (> 30% vs. 19-20%)**
- In 2020, Trigor reported distribution sales of RON 87m and a gross margin of 33.5%

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M&A Negotiations status

Target [2]	Main activity	Sales[1]	EBITDA[1]	Negotiation stage
Target 1	**Production**	**EUR 119m**	**EUR 19m**	**Price negotiation**
Target 2	Distribution	EUR 61m	EUR 9m	Abandoned
Target 3	**Production**	**EUR 35m**	**EUR 9m**	**Price negotiation**
Target 4	Production	EUR 50m	EUR 8m	Prospecting
Target 5	Production	EUR 58m	EUR 5m	Prospecting
Target 6	Distribution	EUR 53m	EUR 5m	Prospecting
Target 7	Production	EUR 32m	EUR 5m	Prospecting
Target 8	Production	EUR 32m	EUR 5m	Prospecting
Target 9	Distribution	EUR 27m	EUR 3m	Abandoned
Target 10	**Distribution**	**EUR 34m**	**EUR 2m**	**Price negotiation**
Target 11	Production	EUR 8m	EUR 2m	Prospecting (+NDA)
Target 12	Production	EUR 10m	EUR 1m	Prospecting (+NDA)

*[1] Source: EMIS; * FY 2021 (RAS individual); [2] Target in descending order by EBITDA value*

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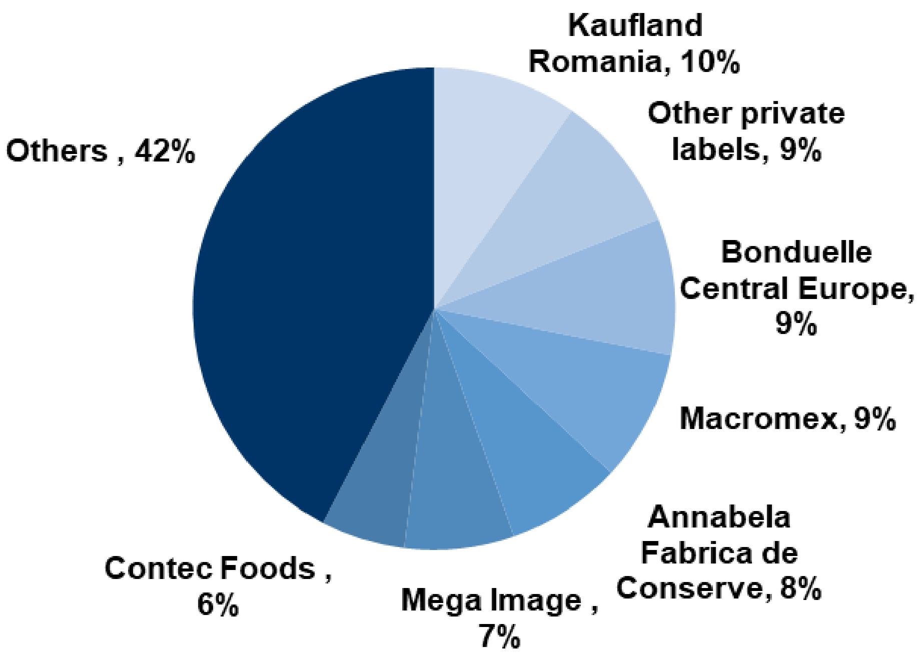
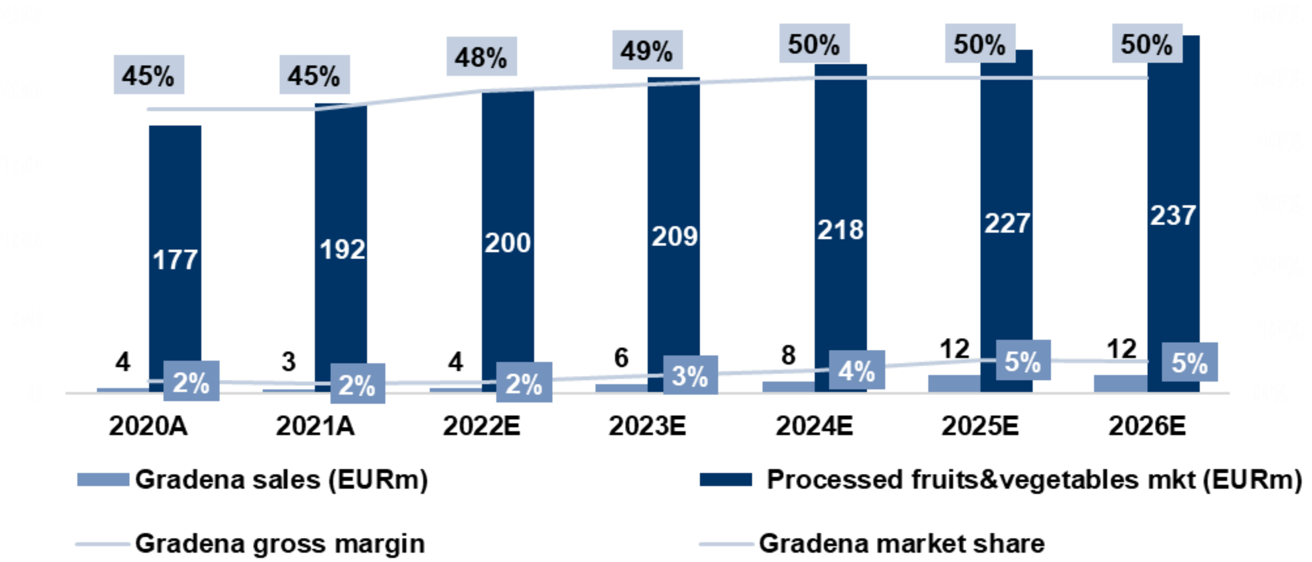
Processed Fruits and Vegetables – Gradena brand development

Processed fruits and vegetables market[1] (2021): Top players*



- Aquila **targets 5% share of processed fruits and vegetables market** through the development of Gradena own brand
- Domestic processed fruits and vegetables market reached a retail value of EUR 192m/RON 944m (+10% Y/Y) in 2021 and it is expected to grow at 4% CAGR by 2026 to EUR 237m/RON 1.2b

Gradena brand: Targeted sales and market share[1]



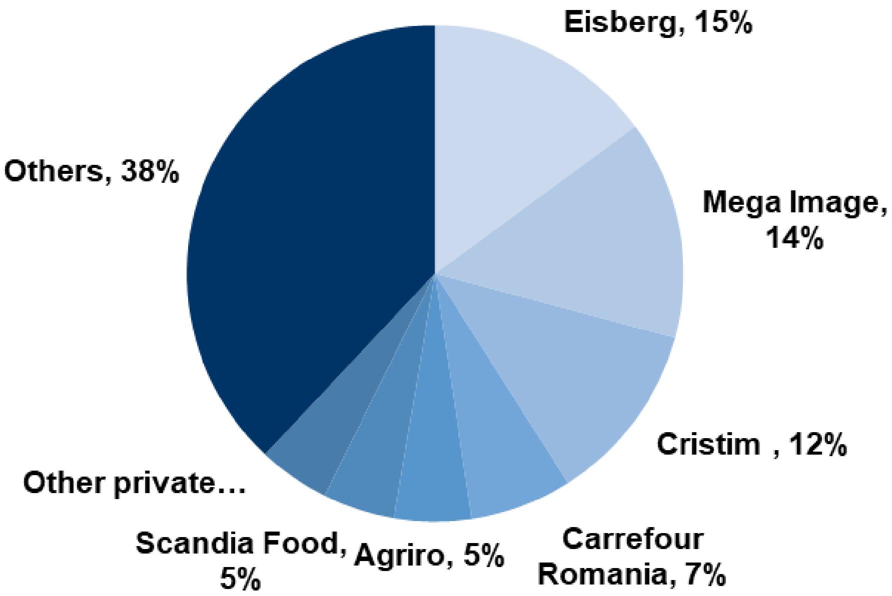
[1] *Source: Euromonitor International; * Market share by retail value*

Mono-Vegetables

Vegetables Mix

Ready meals – LaMasă brand development

Ready meals market[1] (2021): **Top players***



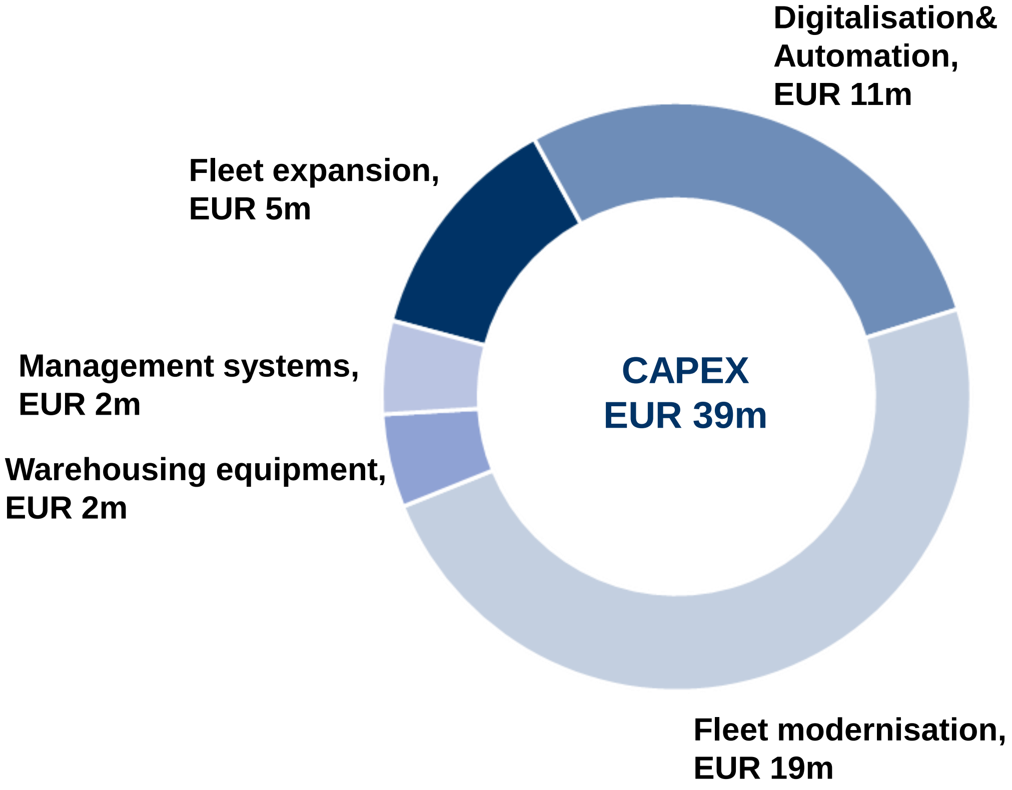
- Aquila **targets 10% share of ready meals** market through the development of LaMasă own brand
- Domestic ready meals market reached a retail value of EUR 82m/RON 404m (+14% Y/Y) in 2021 and it is expected to grow at 10% CAGR by 2026 to EUR 132m/RON 651m
- LaMasă brand includes 14 types of ready meals products currently available for HoReCa market only. After repackaging in July, by Q4 2022, the products line will be available for retail channels also.

[1] Source: Euromonitor International; * Market share by retail value

Transforming for a lower carbon, digital future

Reduce carbon footprint by 10% p.a. and waste by 15% | Digitalisation for safer and greener efficiency

- By 2026, Aquila plans **expansion and maintenance CAPEX of EUR 16m and EUR 23m, respectively**
- **Expansion CAPEX. Fleet (EUR 5m).** Aquila plans to invest EUR 5m in fleet expansion, out of which EUR 3m for 76 vans and EUR 2m for 60 sales force vehicles. **Digitalisation and automation (EUR 11m).** The company plans to improve the operating model through automation and digitalisation, while investing in warehousing management systems that include **Li-Ion warehouse equipment**; **Pick by Light system extension**; **Pick by Voice system**; **IT WMS software optimisation**; Mobile racks for the frozen warehouse; **Multi Order Pickers**; **VNA & racks to optimise storage space**; Repack automation; Automation of the picking process by conveyors. For transport and business management, Aquila plans to invest further in **vehicles routing and safety systems and ERP solutions**. **Green and renewable energy.** Photovoltaic panels project generating 230KWh for own consumption completed in 2022 (EUR 0.21m)
- **Maintenance CAPEX. Fleet (EUR 19m).** Aquila plans to invest EUR 19m in fleet maintenance, out of which EUR 8m for replacing 120 heavy trucks' tractor heads and semi-trailers and EUR 5m for replacing 160 vans (EUR 5m) and 475 sales force vehicles (EUR 5m). **Warehousing equipment (EUR 2m)** or EUR 0.3m per year over 2022-2026 period. **IT licenses, soft and equipment (EUR 2m)** implying maintenance capex of EUR 0.5m on average per year by 2026



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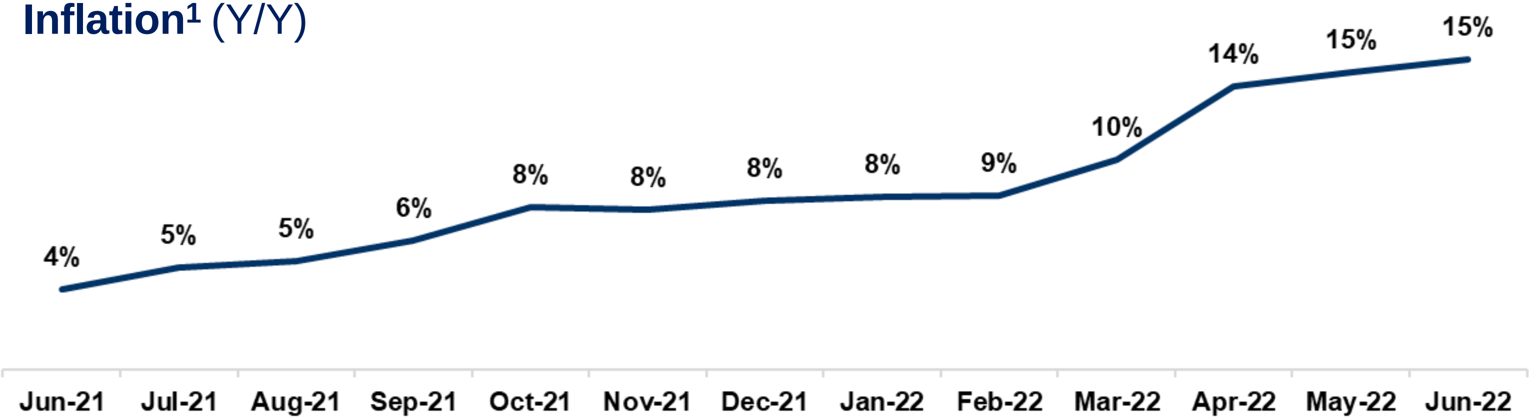
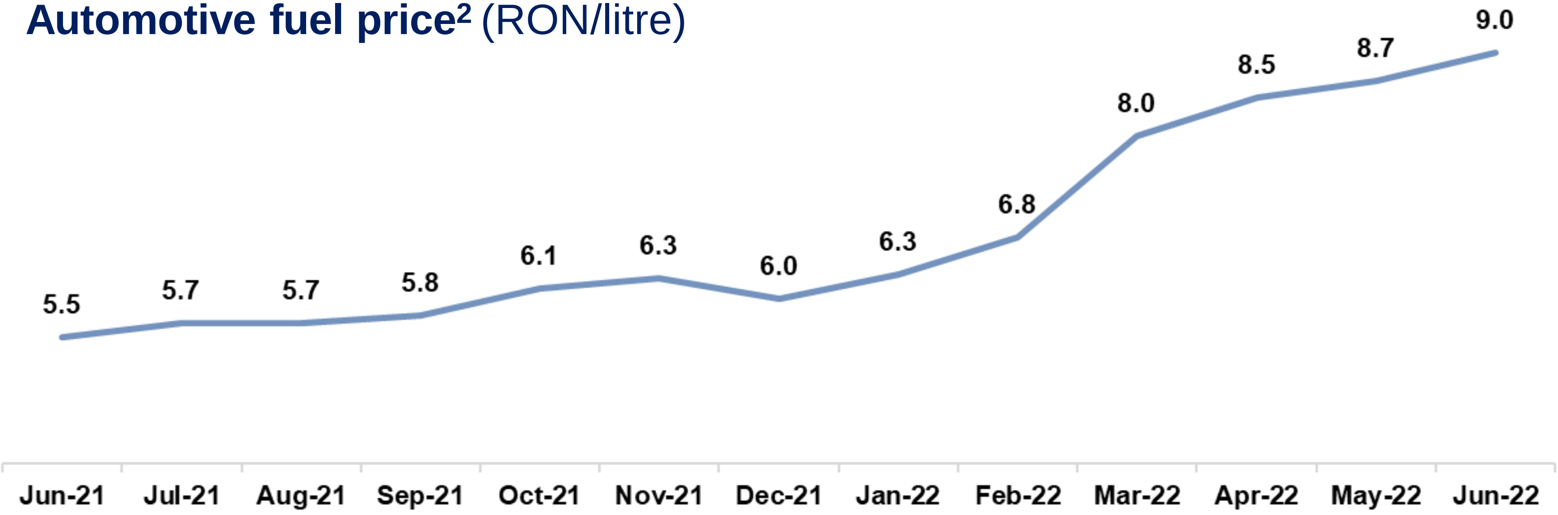
1 | Investment proposition
2 | Market context
3 | Strategic focus
4 | H1 2022 results
5 | FY 2022 outlook

Challenging environment

Inflation[1] (Y/Y)

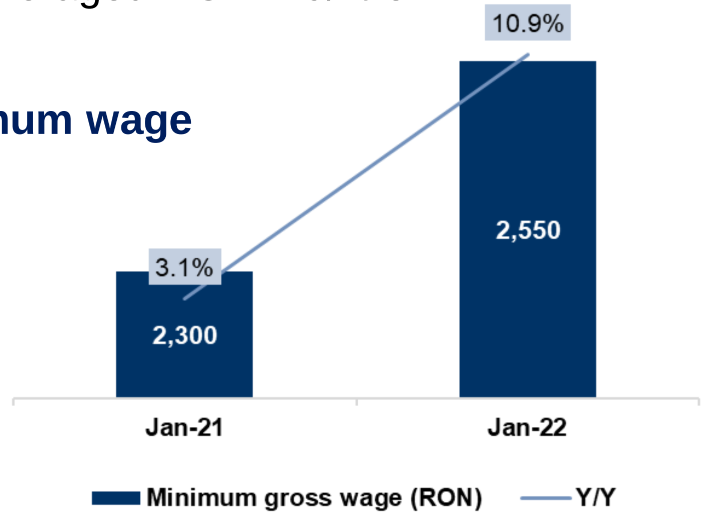


Automotive fuel price[2] (RON/litre)



- Inflation rate since the beginning of the year (June 2022 compared to December 2021) reached 10.0%
- Starting Jan 2022, the minimum gross wage has been increased by 11% compared with 2021 level
- In H1 2022, the domestic automotive fuel prices hiked 49% Y/Y and averaged RON 7.9/litre

Minimum wage



Source: [1]INSSE; [2] European Commission, Weekly Oil Bulletin

H1 2022 Key financial indicators (IFRS consolidated)

Sales	EBITDA adj.[1]	Net profit
RON 961m	RON 61m	RON 32m
Sales growth (Y/Y)	**EBITDA adj.[1] growth (Y/Y)**	**Net profit growth (Y/Y)**
+10%	+17%	+74%
Gross margin	**EBITDA adj. margin**	**ROIC[2]/ROIWC[3]**
22% (+256bps Y/Y)	6.3% (+37bps Y/Y)	17%/36%
Distribution sales	**Logistics sales**	**Transport sales**
RON 894m	RON 32m	RON 33m

[1] *EBITDA adjusted for Impairments of PP&E and Receivables, Write-offs of Inventory and Changes in provisions*
[2] *Return on Invested Capital = EBIT after effective tax / (Total assets - Cash&equivalents -Trade payables - Other non-interest bearing current liabilities)*
[3] *Return on Invested Working Capital = EBIT after effective tax / (Current assets excl Cash&equivalents – Current liabilities excl Debt&Lease)*

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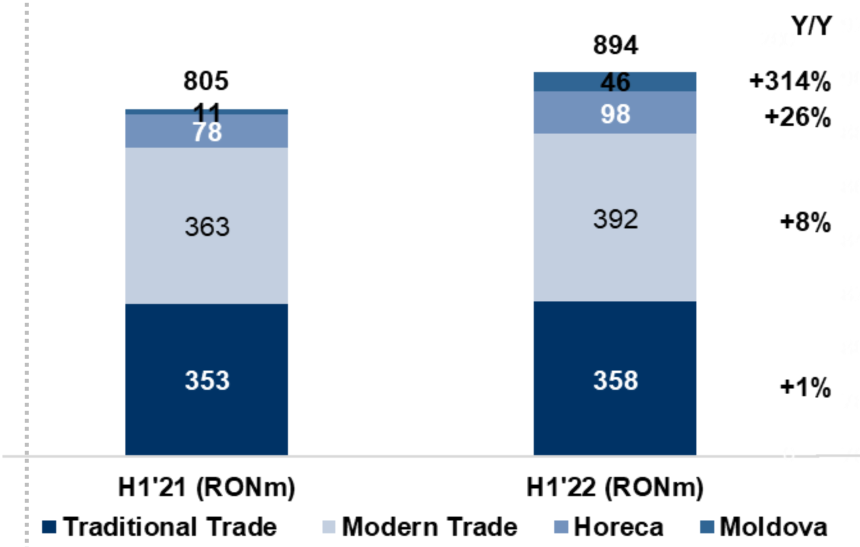
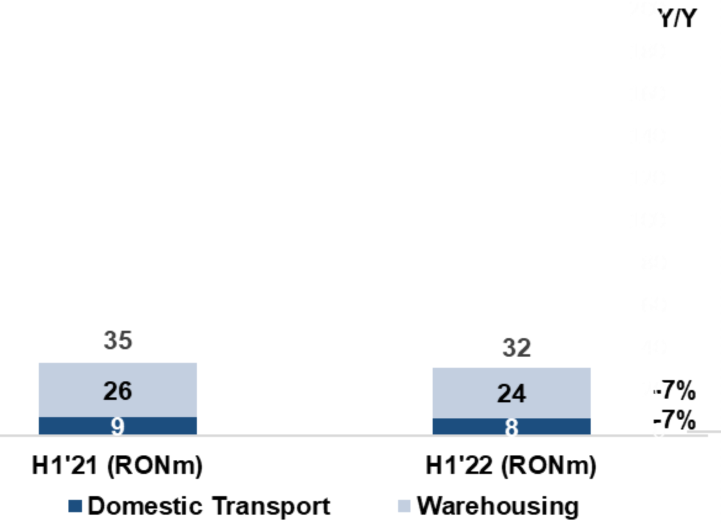
H1 2022 Sales by segments

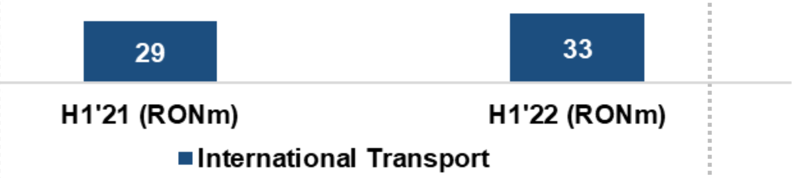
Distribution
RON 894m (+11% Y/Y)



Logistics
RON 32m (-7% Y/Y)



Transport
RON 33m (+12% Y/Y)



- Top line ended up mainly helped by Modern Trade & HoReCa sales that added 8% Y/Y and 26% Y/Y, respectively, and by Trigor (Moldova) consolidation with a plus of RON 35m
- The decline of logistics sales (-7% Y/Y), due to reduced volumes, has been more than offset by higher international transport revenues compared with a year ago (+12% Y/Y) on increased tariffs

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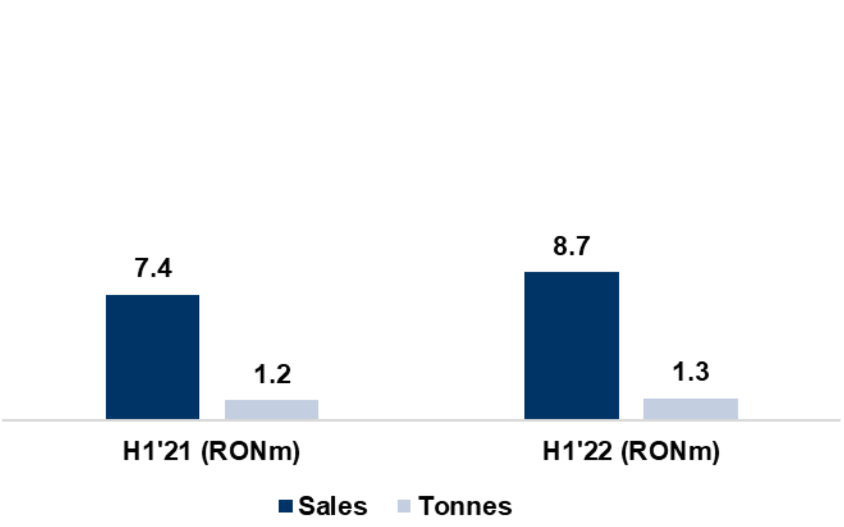
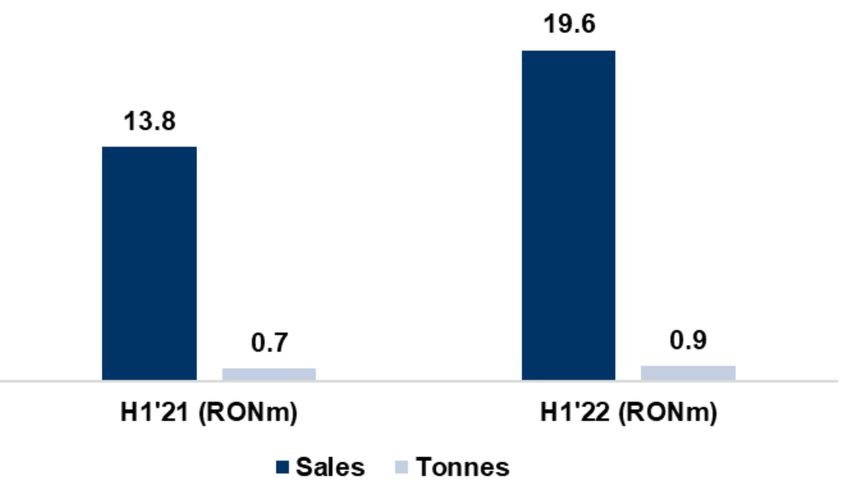
H1 2022 Own brands sales (+33% Y/Y)

Gradena
RON 8.7m (+17% Y/Y)



La Masă
RON 19.6m (+42% Y/Y)



- Aquila launched three new Gradena varieties on the frozen vegetables market - thus increasing the product range for Food Service professionals (HoReCa and Gastro Retail) - and the new packaging under 1 kg for the Retail segment
- The end of the pandemic helped the strong recovery of the Food Service segment and of the sales recorded by La Masă brand

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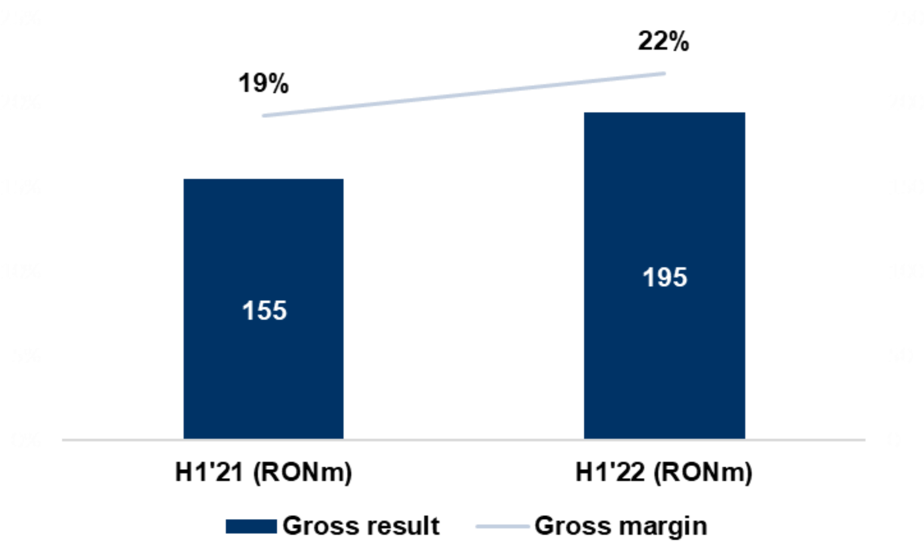
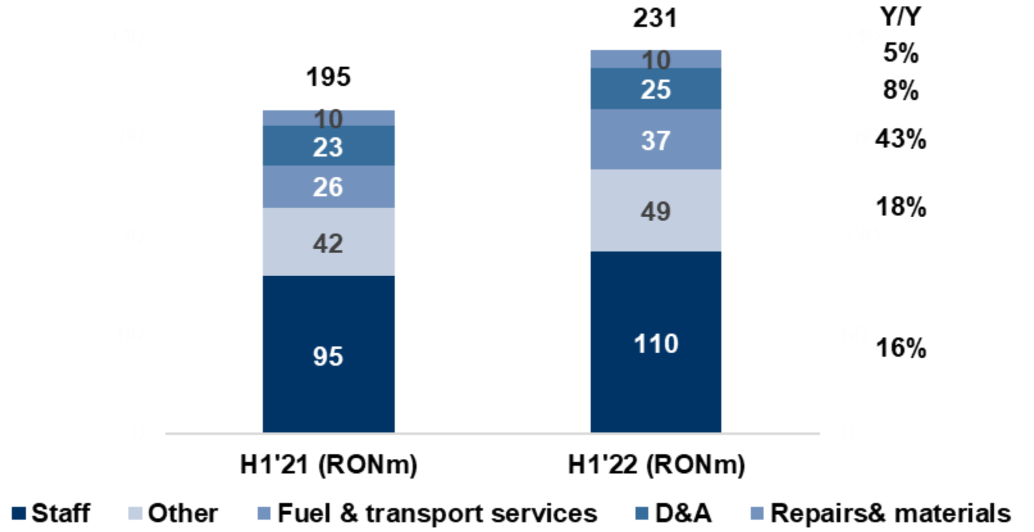
H1 2022 Gross result & OPEX

Gross result
RON 195m (+26% Y/Y)



OPEX
RON 231m (+18% Y/Y)



- Gross result grew by 26% Y/Y overtaking distribution revenues' advance of 11% Y/Y helped by an increased margin to 22% from 19% a year ago following the consolidation of Trigor and HoReCA sales' spike, segments with higher profitability compared with the rest.
- OPEX added 18% Y/Y mainly due to staff costs that grew by 16% Y/Y (+RON 15m) following the consolidation of Trigor and the minimum wage raise by 11% Y/Y and to fuel & transport services expense that increased by 43% Y/Y (+RON 11m) on higher fuel prices compared with a year ago.

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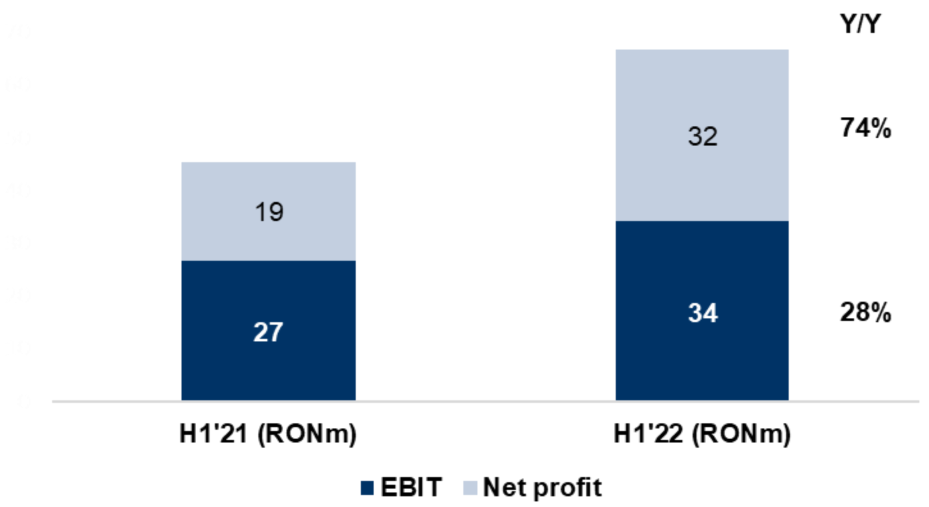
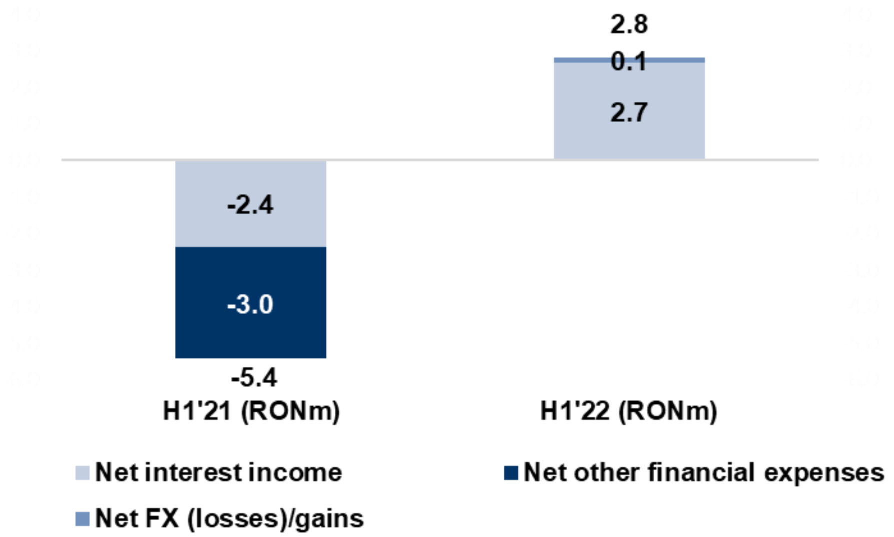
H1 2022 EBIT, Net financial result & Net profit

EBIT & Net profit
RON 34m (+28%Y/Y) & RON 32m (+74% Y/Y)



Net financial result
+ RON 2.8m vs. - RON 5.4 in H1’2021



- EBIT added 28% Y/Y mainly helped by the gross result’s advance of 26% Y/Y on increased margins.
- Bottom-line hiked 78% Y/Y as the net financial result turned positive to RON 2.8m from a negative level of RON 5.4m reported a year ago on increased net interest income, given the interest rates’ advance & reduced debt, and nil other financial expenses compared with a level of RON 3.0m reported in H1 2021 as the company recorded no allowances for the third parties loans

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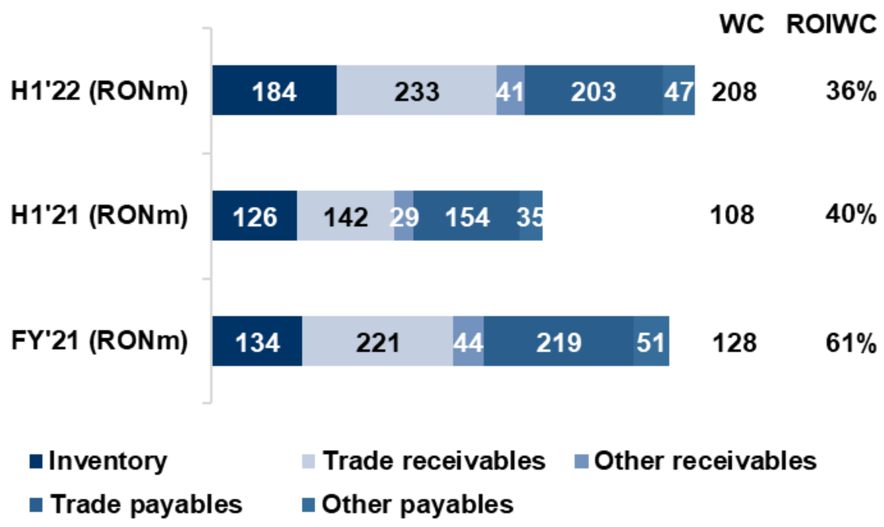
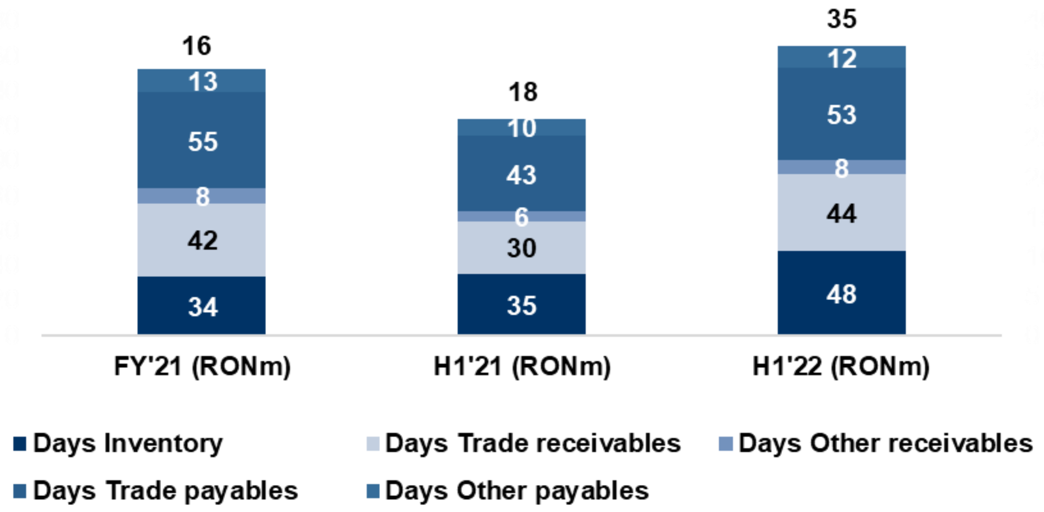
H1 2022 Working capital & ROIWC

Working capital
+RON 79m (vs. 2021- end)



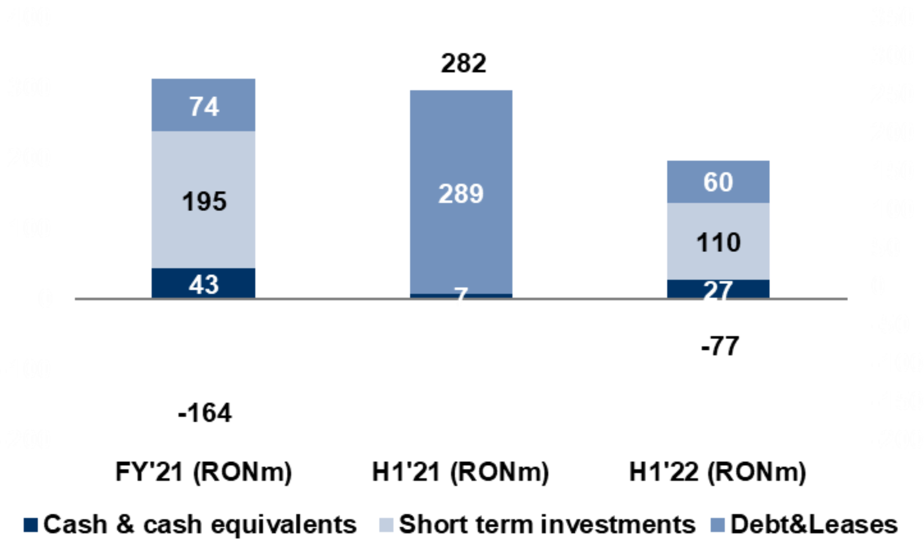
Cash conversion cycle
35 days vs.16 days as of 2021- end



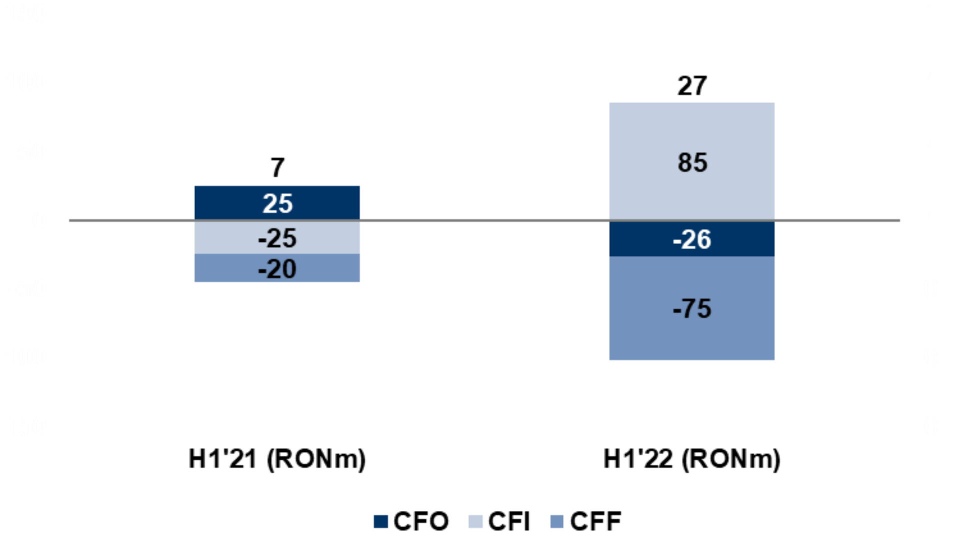
- Working capital added RON 79m compared with 2021-end mainly due to the inventory that pilled up to secure advantageous prices in an inflationary environment. As days in inventory increased by 14, cash conversion cycle ended 19 days higher compared with 2021-end
- Return on the average Invested Working Capital (ROIWC) remained relatively in line with H1 2021 level with EBIT's growth offset by increased working capital needs. Compared with FY 2021 level, ROIWC is significantly lower also mainly due to the seasonality that drives ~70% of the year's EBIT generation in H2.

H1 2022 Net debt (cash) & Cash flow statement

Net debt (cash)
(RON 77m)



Cash & cash equivalents
RON 27m



 As of June 2022, the net cash position decreased by RON 87m to RON 77m from RON 167m at 2021-end as the cash flow from operations turned negative to RON 26m mainly due to changes in working capital of RON 80m. Also, in H1 2022, Aquila paid dividends of RON 53m and lease liabilities of RON 21m that increased the cash outflow from financing to RON 75m. Helped by proceeds from short-term investments of RON 85m, the period's cash balance ended at RON 27m.

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FY 2022 Outlook - Key financial indicators (IFRS consolidated)

	Y/Y
Sales	+8% Y/Y
- Distribution	+8% Y/Y
- Logistics	- 4% Y/Y
- Int. Transport	+21% Y/Y
Gross margin	21%
EBITDA adj.	Flat Y/Y
Net profit	Flat Y/Y
CAPEX	EUR 7.6m

- **Distribution sales** growth expected to decelerate in H2 2022 compared with the first six months of the year on volumes' decline due to soaring shelf prices
- Logistics sales' decrease on lowering year-on-year volumes seen more than offset by the international transport growth on increased tariffs
- **Gross profit margin** foreseen declining in H2 2022 compared with the first six months of the year as the weight of Modern Trade in total sales is expected to increase. Compared with a year ago, gross margin is seen adding >100 bps due to the strong advance of convenience stores (gas stations included) and to the consolidation of Trigor
- **EBITDA adj**. expected about flat year-on-year due to fuel, staff, utilities and inflation pressures. FY 2022 other expenses are expected to include extra costs (~ RON 3m) related to post-listing obligations (market making, reporting, ESG, audit, legal). Reported EBITDA is expected to decline by ~ RON 4m Y/Y
- **Net profit** seen at a similar level compared with a year ago

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Financial calendar 2022

November 15: Q3 2022 results

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