



AB East West Agro
Supplement No 1 to
THE REFERENCE DOCUMENT

Relating to the public placement of newly issued 125,000 ordinary registered uncertificated shares with the nominal value of EUR 1 per share and the issue price of EUR 24, total nominal value EUR 125,000 and the issue price EUR 3,000,000

24 April 2017

Preamble

- A. On 27 March 2017, AB East West Agro, legal entity No 300588407, registered address Verslo g. 2, Kumpių vil., Kaunas district, the Republic of Lithuania (the **Company**) prepared the reference document (the **Reference Document**) relating to the public placement of newly issued 125,000 ordinary registered uncertificated shares with the nominal value of EUR 1 per share and the issue price of EUR 24, total nominal value EUR 125,000 and the issue price EUR 3,000,000 (the **New Shares**);
- B. The Reference Document provides key information about the New Shares of the Company that are publicly offered in Lithuania following Art. 4(2)(6) of the Law on Securities of the Republic of Lithuania and the requirements for drafting a Reference Document which is mandatory for public placement of medium-sized issues and the description of cases where such document is not required as approved by Resolution No 03-45 (amendment to Resolution No 03-107 of 28 July 2016) of the Board of the Bank of Lithuania of 28 February 2013);
- C. On 14 April 2017 Swedbank, AB made an amendment to the Credit Agreement whereby the amount of credit granted to the Company was increased from EUR 4,000,000 to EUR 5,500,000 (i.e. by EUR 1,500,000);
- D. The rules (the **Rules**) on multilateral trading facility (the **First North market**) administered by the regulated market operator AB Nasdaq Vilnius lay down additional requirements that must be followed to get the Company's shares listed on the First North market;
- E. In the Reference Document, the Company seeks to (i) disclose all the information relevant to assessing the Company's financial position and perspectives, and (ii) to provide the information required by the Rules;

Accordingly, the Company amends and supplements the Reference Document as set out below.

1. Definitions and interpretations

- 1.1. The words starting with the first capital letter in Supplement No 1 to the Reference Document (the **Supplement**), including its preamble, have the meaning specified in the Reference Document.

2. Amendments and supplements to the Reference Document

- 2.1. The Company amends paragraph 1 of Section 1.6.1. of the Reference Document and supplements Section 1.6.1. with the new paragraph 2 and sets them forth to read as follows:

"1.6.1 Influence of Swedbank, AB

On 25 November 2015, the Company and Swedbank, AB entered into a credit agreement (with subsequent amendments and supplements) (the **Swedbank Credit Agreement**) whereby Swedbank, AB issued a credit of total EUR 6,194,442 (EUR 5,500,000 from which is for credit line and issuance of guarantees, and EUR 694,442 for payment of dividends) to the Company and the Company undertook to repay the amount covered by the credit line not later than by 25 November 2017, and to repay the amount for dividend payments not later than by 22 March 2018.

Under the Swedbank Credit Agreement, the amounts of credit to be used and their maturities are as follows:

- 1) From 14 April 2017 to 30 June 2017 the credit amount available is EUR 5,500,000;
- 2) From 1 July 2017 to 25 November 2017 the credit amount available is EUR 4,000,000.”

- 2.2. The Company amends paragraph 3 of Section 3.1.5. of the Reference Document and sets it forth to read as follows:

“3.1.5 Requirements, obligations or events that can reasonably have a high impact on the Company’s business perspectives

The Company has undertaken the obligation to repay the current portion of the long-term loan, which is EUR 333,336, and credit line amount of EUR 3,950,000 during the year 2017. The Company has undertaken to repay the outstanding amount of long-term credit, which is EUR 444,440, at the end of 2018. The Company intends to extend this term and at the moment is negotiating with Swedbank, AB on the conditions for extending the term.”

- 2.3. The Company amends paragraphs 1 and 2 of Section 3.4 of the Reference Document and sets them forth to read as follows:

“3.4 Information about the Company’s income

The majority of the Company’s income comes from sales of combine harvesters and tractors. Other agricultural machinery traded by the Company: mowing, fertilising, sowing, tillage and other machinery. The remaining income comes from trade in spare parts as well as service and machinery rent services. In the first quarter of 2017, the income from sales of spare parts and technical maintenance services significantly increased and accounted for 5 per cent of the total income of EWA.

In 2011-2016, the Company’s income increased by 52.1 per cent on average. In the first quarter of 2017, the sales amounted to EUR 2.9 million, i.e. 1.5 times more than during the same period in 2016. In the first quarter of 2017, only 30 per cent of the sales contracts of agricultural machinery with the Company’s clients were made on the basis of investments from EU funds.”

- 2.4. The Company amends paragraphs 4 and 6 of Section 3.6 of the Reference Document and supplements Section 3.6 with the new paragraph 5 and set them forth to read as follows:

“3.6 Adequacy of the working capital and liabilities of the Company

Under the Swedbank Credit Agreement, Swedbank, AB granted a total credit of EUR 6,194,442 to the Company, where (i) EUR 5,500,000 is granted as a credit line and intended to fund the working capital, issuance of guarantees, opening of letters of credit and operation (**Credit 1**) and (ii) EUR 694,442 is granted as a credit and intended to fund payment of dividends (**Credit 2**). Part of the credit line has been used as security under the guarantee issued by Swedbank, AB on 12 December 2015 on behalf of AGCO International GMBH.

The amounts of credit to be used and their maturities are as follows:

- 1) From 14 April 2017 to 30 June 2017 the amount of credit available is EUR 5,500,000;

- 2) From 1 July 2017 to 25 November 2017 the amount of credit available is EUR 4,000,000.

The Company has undertaken to repay Credit 1 not later than by 25 November 2017 and Credit 2 not later than by 22 March 2018.

Under the Swedbank Credit Agreement: (i) for Credit 1, EURIBOR is 6 months, however not lower than 0 per cent + interest rate of 3 per cent, commitment fee of 1.5 per cent from unused (untaken) credit line amount shall also be applicable, and (ii) for Credit 2, EURIBOR is 6 months, however not lower than 0 per cent + interest rate of 4 per cent, commitment fee of 1.5 per cent from unused (untaken) credit amount shall also be applicable. During the validity term of the Swedbank Credit Agreement, certain requirements for capital adequacy and financial indicators have been set which shall be met by the Company. The Company's liabilities under the Swedbank Credit Agreement are secured by pledge of all the circulating inventories (with the minimum carrying amount of EUR 8 million), pledge of payment claim rights (as an asset complex) to receivables (up to EUR 6 million) and personal sureties of the Company's shareholders Gediminas Kvietkauskas and Danas Šidlauskas (up to EUR 500,000 per each shareholder). It is noteworthy that currently the Company is in negotiation with Swedbank, AB for extension of the term for repayment of the loan."

- 2.5. In accordance with the Rules, the Company supplements the Reference Document by disclosing that it has the following contracts with related parties, as defined in International Accounting Standard 24:
 - 1) On 8 August 2006, the Company entered into an employment contract (with subsequent supplements and amendments) with Danas Šidlauskas. Under the contract, Danas Šidlauskas is the executive director of the Company. The employment contract has been prepared in accordance with standard provisions of the Labour Code of the Republic of Lithuania;
 - 2) On 8 August 2006, the Company entered into an employment contract (with subsequent supplements and amendments) with Gediminas Kvietkauskas. Under the contract, Gediminas Kvietkauskas is the Director General of the Company. The employment contract has been prepared in accordance with standard provisions of the Labour Code of the Republic of Lithuania.
- 2.6. In accordance with the Rules, the Company supplements the Reference Document by indicating that the Company has no approved employee incentive programmes, including, but not limited to, bonuses, and option contracts.
- 2.7. In accordance with the Rules, the Company supplements the Reference Document by indicating that the Company has concluded the following contracts whose monetary amount accounts for 10 per cent or more of the Company's shareholders' equity:
 - 2.7.1. Swedbank Credit Agreement: the essential terms of the agreement are laid down in the Reference Document;
 - 2.7.2. Practica loan agreement: the essential terms of the agreement are laid down in the Reference Document;
 - 2.7.3. Contract of rental of non-residential premises of 20 December 2016, on the basis of which the Company rents administrative and storage premises for its operations. The rental agreement has been concluded for the period of 5 years by providing that the rent term begins on

1 January 2017. The Company exercises the priority right over other persons to extend the agreement after the expiry of the term.

2.7.4. Agreements on sales and purchase of agricultural machinery, where the Company is a seller:

- (i) Sales and purchase agreement of 14 December 2016, on the basis of which the Company sells a new combine harvester Massey Ferguson;
- (ii) Sales and purchase agreement of 30 January 2017, on the basis of which the Company sells a new tractor Massey Ferguson;
- (iii) Sales and purchase agreement of 30 January 2017, on the basis of which the Company sells a new combine harvester Massey Ferguson;
- (iv) Sales and purchase agreement of 27 February 2017, on the basis of which the Company sells a new tractor Massey Ferguson;
- (v) Sales and purchase agreement of 3 March 2017, on the basis of which the Company sells a new tractor Massey Ferguson;
- (vi) Sales and purchase agreement of 14 March 2017, on the basis of which the Company sells a new seed preparation line;
- (vii) Sales and purchase agreement of 21 March 2017, on the basis of which the Company sells a new combine harvester Massey Ferguson.

The essential terms of all the agreements on sales and purchase of agricultural machinery are practically identical: the buyer pays part of the price in advance; the item is transferred by a transfer-acceptance deed; the ownership is transferred upon the conclusion of the transfer-acceptance deed; the time-limit for payment for the item is not longer than 60 days; the Company establishes warranty and maintenance period of the item. The agreements set forth the conditions for the termination of agreements that are favourable to the Company when the payments of the buyer are past due.

3. Investors' right to terminate the concluded agreements on subscription of the New Shares

- 3.1. The investor who by the date of publication of this Supplement has signed the agreement on subscription of the New Shares, has the right within 2 business days after the publication of the Supplement, but not later than by 28 April 2017, i.e. the end of the public offering of the New Shares, to revoke his/her will to purchase the New Shares and terminate the concluded agreement on subscription of the New Shares. In this case, the concluded agreement on subscription of the New Shares shall be deemed to have terminated and invalid as of the date of receipt of the investor's notification about the termination of the concluded agreement on subscription of the New Shares.
- 3.2. If the agreement on subscription of the New Shares is terminated pursuant to the procedure set out by the Supplement, the Company undertakes to repay the Investor the whole consideration paid for the New Shares. The amount paid for the New Shares shall be transferred within 7 business days as of the date of the end of distribution (allocation) of the New Shares to the Investor's account from which the Investor transferred the funds to the Company.

4. Confirmations of responsible persons

- 4.1. The Company's Director General, the Company's shareholder Gediminas Kvietkauskas and Danas Šidlauskas, and the Certified Adviser, which, at the same time, provides services of accounting of the Company's securities, are responsible for fairness and completeness of the information presented in this Supplement.
- 4.2. I, Gediminas Kvietkauskas, Director General, the Board member and a shareholder of the Company, confirm that, as to my knowledge, the information presented in this Supplement gives a true and fair view and no material information has been omitted.

Gediminas Kvietkauskas
Director General, the Board member and
a shareholder of AB East West Agro

- 4.3. I, Danas Šidlauskas, the Board member and a shareholder of the Company, confirm that, as to my knowledge, the information presented in this Supplement gives a true and fair view and no material information has been omitted.

Danas Šidlauskas
Board member and a shareholder of
AB East West Agro

- 4.4. I, Mindaugas Strėlis, authorized person by Alius Jakubėlis – the Director of the Certified Adviser, UAB FMĮ Orion Securities, company code 122033915, confirm that, as to my knowledge, the information presented in this Supplement gives a true and fair view and no material information has been omitted.

Mindaugas Strėlis
Authorized person by the director of UAB FMĮ Orion Securities