**AQUILA**

**Questions & Answers**

**Presentation teleconference for the financial results of Q1 2023**

**May 10, 2023**

**1. Why were you so conservative in the budget for revenues and expenses?**

Answer:

We were conservative because the economic context is unpredictable. It is the context we have all been operating in since last year and it continues. We observe that the repeated price increases from last year and this year are influencing both volumes and consumer perception. However, we have confidence that we will achieve our objectives, of course, depending on this context, we believe we will exceed the results.

**2. The latest inflation data shows a gradual decrease but still significantly above the central banks' target. How is inflation seen from your perspective? Are there clear signs that things are starting to improve?**

Answer:

Inflation is primarily a macro indicator. Therefore, on one hand, we look at the signals coming from the National Bank, and on the other hand, we await updates regarding market studies. However, we see the effect. We see that there have been further price increases in this quarter, both from producers and from us. Yes, we also hope that inflation will decrease because, ultimately, we all see that we need to maintain a certain balance between price increases and the volumes we generate. Ultimately, consumer perception can influence behavior cumulatively.

**3. Hello and congratulations on the outstanding results. Could you provide guidance on the gross margin for the distribution channel? What range do you consider the EBITDA margin will be for the next period? And lastly, are there any plans for tariff indexations in the second quarter?**

Answer:

Regarding guidance on the gross margin for the distribution channel, we have not divided the gross margin by channels because we always have very tough negotiations with brand owners and our clients. Therefore, we can present the overall gross margin. As we have mentioned in previous presentations, the gross margin in the Romanian market is generally around 19-20%, influenced by the mix of various channels and product portfolios of each player. As you have noticed, we have found solutions to improve the gross margin based on channels and respectively, on sizes, adapting them to the channels we operate in. As for the EBITDA margin for the upcoming period, we can only say that we have the budget approved by the General Shareholders' Meeting, and that serves as the reference point. As we mentioned, we are confident that we will achieve and exceed our objectives depending on the market context, and we believe that we have demonstrated our ability to act regardless of the market conditions and maximize financial results. Regarding tariff indexation, yes, of course, we constantly index tariffs based on fuel prices, salaries, services, and the price of products for distribution, which represent 93% of sales. As we have proven through the results of this quarter and last year, we increase prices there while maintaining the best balance for improving the margin.

**4. Congratulations on being a top performer on the stock exchange once again in 2023. The price continues to trade at a discount compared to the IPO. What do you consider were the main reasons for increased investor interest in AQUILA this year compared to the previous year?**

Answer:

We have seen that we are a top performer, and we hope to maintain this trend through proven results. We believe it is a process of getting to know us better by investors. We were listed a year and a half ago, and it required a systematic communication process from our side and an understanding process from investors. We have consistently done that through participation in conferences, press releases, and attending various events, and of course, all these things have helped us become increasingly known. Obviously, it is also due to the consistently very good financial results. We believe these two components have made us top performers, and last but not least, we are a leading company in FMCG distribution and logistics solutions, a market that, as you know, is resilient even in tougher economic conditions.

**5. Does the company have real estate assets that generate income?**

Answer:

We have pursued a strategy that does not rely on real estate assets but instead focuses on flexible options with lease contracts that are tailored to our business and involve close negotiations to gain a cost and flexibility advantage. At the same time, we also have Printex SA, a company that owns real estate assets, including warehouses, which generate income.

**6. Can you tell us the reason for increasing the dividend allocation from 40% to over 57% of last year's profit?**

Answer:

It is still an allocation of 40% of the profit from the previous year, but we have added profits from previous years. Therefore, the cumulative effect exceeds 40% given that both last year and this year, we have achieved significant business growth and improved profitability. Of course, as we have communicated, we always aim to adhere to this clear strategy of allocating a minimum of 40% of the profit as dividends because we want to reward our shareholders for their trust in us. We are here to build a sustainable, long-term relationship with our shareholders.

**7. The transaction you are negotiating seems quite significant in terms of price. Will you be able to finance it solely from your own sources?**

Answer:

We will choose the best mix, we can finance it solely from our own sources. You are probably referring to the transaction that is in the most advanced stage of negotiation, namely the due diligence process. However, we are constantly looking to efficiently utilize our funds. Therefore, when we complete the first acquisition, we will also consider a mix of equity funds and bank financing to effectively use our capital and that of our shareholders.

**8. Congratulations on the results. Considering that AQUILA trades at low multiples, do you believe an acquisition would bring more value to shareholders than share buybacks?**

Answer:

We do not want to redirect the scenarios in any way. Yes, we are still considering the option of share buybacks. It is a scenario that we constantly analyze. Currently, our focus is on the organic growth of our business, our strategy to maximize our presence in channels with good margins, and the ongoing negotiations we have with M&A targets. We are highly focused. We are confident that we will close a transaction this year. And yes, we believe that a first transaction will reward shareholders' trust and will subsequently be reflected in price and multiples.