

Agroland posts consolidated revenues of 184 million lei in the first half of 2022 and a net profit of 6.2 million lei

Timisoara, 16 September 2022 – Agroland Business System (BVB: AG), a Romanian retail, agriculture, and food business group, which owns the largest network of garden, pet, and farm stores in Romania, posts consolidated revenues of 184 million lei in the first half of 2022, a 27% increase compared to the same period last year, and a net profit of 6.2 million lei, a 17% decrease compared to the first six months of 2021.

“The results achieved by our group during this period are positive, especially given the difficult context we are going through, with the accelerated rise of energy prices, the ever-increasing inflation, and the continuing agri-food crisis. However, this context is not having a negative impact on our retail division, in particular the traditional stores, which even in the periods of crisis previously experienced have performed very well, driven by the fact that people turn at such times to basic needs, which our stores cover. Our food division also gives us very good prospects for the period ahead. This division, represented by the Avicola Mihăilești platform, produces both day-old chickens, sold in Agroland stores and table eggs, for which the company has contracts with major Romanian retailers such as Lidl and Mega Image. From January 2023, the production capacity at Avicola Mihăilești will increase to 5 million eggs per month. This puts us in a favorable position, as we are also the largest producer near Bucharest, which is the largest market in Romania, including in the area of table eggs,” stated Horia Cardoș, founder and CEO of Agroland Business System.

In H1 2022, Agroland Group operated 247 stores (19 MEGA and 228 traditional), ten more than in H1 2021. As for the performance of all own stores (including the performance of MEGA stores), it increased significantly in H1 2022, reaching 53.5 million lei, up 24% compared to H1 2021. The number of customers increased by 17%, reaching over 695,000 customers who visited Agroland Traditional and MEGA stores in H1 2022 - a natural result due to the growth and diversification of the customer portfolio through the geographical expansion carried out by the company, as well as the targeting of other customer categories, especially customers for the pet segment.

MEGA's store performance in H1 2022 increased significantly by 154% to 16.6 million lei, and the number of customers in these stores also increased by 107% to over 263,000. In terms of same-store performance (excluding MEGA stores), it increased by 1% in H1 2022 compared to H1 2021, net sales reached 35.8 million lei, and the number of customers decreased by 8% (over 405,000 customers for Agroland Traditional stores in H1 2022). The decrease in the total number of customers in traditional stores reflects the company's strategy in recent years of opening MEGA stores in areas with potential, followed by the closure of traditional stores in those areas, with MEGA stores thus taking over the flow of customers from the traditional stores.

In terms of online sales, there was an 18% increase, up to 3.3 million lei in H1 2022, the number of customers also increased by 9% to over 17,700, while the average value of the receipt increased by 8% to 183 lei. The increase in online sales is since this department was reorganized, now with much more advanced hardware and software technology than in H1 2021, which allows for streamlining processes with regard to online sales.

Regarding the revenues by product type, in H1 2022, the largest increase in absolute value was recorded in inputs, which increased by 58% to 29.9 million lei. Pet-food products saw a 48% increase to 13.4 million lei, while sales of farm products increased by 106% to 6.9 million lei, and sales of food products, which represent the sale of table eggs, increased by 61% to 7.1 million lei.

The fodder and concentrates category, with the largest contribution to combined turnover, increased by 5% to 68.9 million lei. Sales of day-old chickens increased by 9% to 46.7 million lei.

As for the second half of the year, the most important event for the company will be the start-up at the end of September of the Caransebeș Fodder Factory, which will provide 50% of the fodder and concentrates (proteins, vitamins, minerals) requirements for the next four to five months, both at the level of the group's farms and for the retail division. As for day-old chicks, the company can currently produce about 50% of the requirements, and more than 80% of feed requirements are covered from spring this year. In this way, the sale of production will be easily achieved, and feed margins will be significantly increased.

“The savings from operationalizing the fodder factory will have an extremely important impact on our margins. These amounts do not include the margins of Agroland Agribusiness, which will supply the factory with grain purchased from its customers at market prices. In this way, Agroland Agribusiness has a strong bargaining position with farmers, as it has the capacity to purchase almost all their production. This is a result of our business strategy, in which we have invested first in the market and only then started to build up our production capacities,” added Horia Cardoș.

For 2022, the company's management maintains the revenue and expenditure budget as approved by the shareholders during the Ordinary General Meeting of Shareholders in April 2022 - a turnover of 241.1 million lei, EBITDA of 20.7 million lei, and a net profit of 13 million lei.

Agroland Business System is listed on the AeRO market of the Bucharest Stock Exchange as of March 1, 2021, and is traded under the symbol AG. Currently, the company has a market capitalization of over 143 million lei.

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About Agroland Business System

Agroland Business System (BVB: AG) is a Romanian entrepreneurial company, which owns the largest network of agricultural stores in Romania. The company was founded in 2009 in Timișoara by the entrepreneur Horia Cardoș and today operates a network of approximately 250 stores specializing in the sale of garden, farm, and pet products. The company also owns the Avicola Mihăilești platform, where it produces table eggs and day-old chicks. This platform consists of six farms located on an area of 30 hectares in Giurgiu County. Agroland is also active in the technology area through AgTech TM by Agroland, the first complete incubation program in Romania that stimulates and supports innovation in agriculture. The shares of Agroland Business System have been floating on the AeRO market of the Bucharest Stock Exchange since 1 March 2021 under the symbol AG.
