

## Agroland posts consolidated revenues of 66.8 million lei in the first quarter of 2022 and a net profit of 1.6 million lei

**Timisoara, May 27, 2022** - Agroland Business System (BVB: AG), Romanian retail, agriculture, and food group, which has the largest network of agricultural stores in Romania, posts consolidated revenues of 66.8 million lei in Q1 2022, an increase of 21% compared to the same period last year and a net profit of 1.6 million lei, an appreciation of 31% compared to the first quarter of 2021.

*"In the first three months of 2022, we continued our investments in developing the Agroland Business System, and we are thrilled that we opened three new MEGA stores in Pașcani, Huși, and Timisoara, our home market, increasing the total number of stores to 19 locations. For 2022, our goal is to reach 25 MEGA stores, which we estimate will reach maturity by 2024. Since the beginning of the year, we have opened 4 traditional stores - in Costesti, Dorohoi, Valu lui Traian, and Recaș. We are glad that we have reached an important milestone of relaunching our website, [www.agroland.ro](http://www.agroland.ro), which we believe will become a significant sales vector in the coming years. The expansion of the MEGA network is beginning to impact our results significantly. In this context, I would like to point out that in Q1 2022, we welcomed over 187,000 customers to our stores. From all sales channels (traditional, MEGA, online, and through franchisees), MEGA stores had the largest contribution, of over 93,000 customers, for the second consecutive quarter, surpassing the performance of traditional stores,"* stated Horia Cardoș, founder and CEO of Agroland Business System.

In the first quarter of 2022, the Agroland Group operated 249 stores (17 MEGA and 232 traditional), 17 more than in Q1 2021. In terms of the performance of all stores (including the performance of MEGA stores), it increased significantly in Q1 2022, reaching 12.2 million lei, plus 42% compared to Q1 2021. The number of customers increased by 54%, reaching over 187k customers who visited Agroland traditional and MEGA stores in the year's first quarter. This is a natural result due to the extension and diversification of the customer portfolio through the geographical expansion achieved by the company, as well as targeting other categories of customers, especially customers for the pet segment.

Regarding the performance of the same stores (excluding MEGA stores), it decreased by 10% in Q1 2022 compared to Q1 2021, net sales reached 6.9 million lei, and the number of customers decreased by 6% (almost 84.5k of customers for Agroland traditional stores in Q1 2022). As traditional stores closed and MEGA stores opened in the same areas in 2021 and 2022, the overall performance of traditional stores is declining, and the increasing sales in MEGA stores recovered the share of lost sales.

At the level of online sales, there was a minor decrease of 2%, reaching 1.2 million lei in Q1 2022, the number of customers decreased by 11%, to 7k customers, while the fiscal receipt's average value increased 11%, to 179 lei. The minor decline in online sales was due to the reorganization of the online department, which moved to a new location with a new high-performance IT system. The reorganization and relocation took place over a three-week period, during which no revenue was generated.

From the point of view of revenues by product type, in Q1 2022, the most significant increase in absolute value was registered at the level of inputs, which increased by 42%, reaching 18.3 million lei. Pet-food products reported an increase of 54%, reaching 6.6 million lei, while sales of farm products doubled, reaching 3.1 million lei, and sales of food products, representing the sale of consumer eggs, increased by 51%, reaching 3.4 million lei.

The feed and concentrates category, with the largest contribution to the combined turnover, registered a decrease of 6% to 18.4 million lei. The sales of day-old chicks registered a decline of 18%, respectively 12.2 million lei. Feed, chicks, equipment, and additives are the product categories most affected by the

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offset of the season due to the unfavorable weather in March, with much lower temperatures than usual for this period.

*"The performance in Q1 2022 and the food crisis in which we find ourselves today contribute to the development of the business during 2022. Avicola Mihăilești is perfectly positioned to serve the local market and increase its position. Our concept based on a circular economy and non-genetically modified eggs has a huge potential for growth in this market. In this context, we are glad that the eggs that we produce will soon be available in a second important international supermarket chain with a presence throughout the country. We strongly believe in the future of domestic food production and the circular economy. Therefore, we are investing in increasing the production capacity, and from our calculations, we will position ourselves in the top 3-5 producers of consumer eggs in Romania,"* added Horia Cardoș.

The company will continue the investment program to develop the business lines in the next period. Thus, at the beginning of this week, Agroland Business System convened the General Meeting of Shareholders for June 27, where it will submit to the vote of the shareholders the acquisition of the Combined Feed Factory, together with the related assets. The factory is located in Caransebeș, Caraș-Severin County, and the acquisition price is 950,000 euros without VAT. The activity of the combined feed factory is fundamental for the company's activity because it will ensure the delivery of feed for the chicks from the Avicola Mihăilești farm. Furthermore, the Meeting agenda also includes the approval of obtaining two credit facilities with a total value of 9.2 million lei, including financing the current activity of Avicola Mihăilești and the purchase of cereals from the new harvest for the Caransebeș factory.

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 160 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 over 250 stores specializing in the sale of the garden, farm, and pet products. The company also owns the Avicola Mihăilești platform, where it produces table eggs and one-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.*

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