

## Agroland posts consolidated revenues of 255.1 million lei in the first nine months of 2022 and a net profit of 3.6 million lei

**Timișoara, November 25, 2022** – Agroland Business System (BVB: AG), a Romanian entrepreneurial retail, agriculture, and food group, which owns the largest network of agricultural stores in Romania, posts consolidated revenues of 255.1 million lei in the first nine months of 2022, a 32% increase compared to the same period last year, and a net profit of 3.6 million lei, a decrease of 53% compared to the first nine months of 2021, due to the rapid increase in costs and significant investments made by the company throughout 2022.

*"2022 was a year full of challenges, in which external events produced numerous imbalances at all levels of society. The most important of these was the war in Ukraine, which affected all three divisions of Agroland, agribusiness, retail, and food, but in different proportions. The agribusiness division has been affected by a crisis in fertilizers and pesticides, combined with the fall in the price of crops this year, due to agricultural products imported from Ukraine at reduced prices. As for the retail and food divisions, the impact on them was mainly generated by the price increase in utilities, which put significant pressure on the margins. On the other hand, an unstable environment also creates numerous opportunities, requiring pragmatic behavior from the companies. Thus, we continued the significant investments throughout 2022, which were directed to the preparation of the factories in Caransebeș and Ișalnița for feed production, as well as in preparation for the start of liquid egg production in Mihailesti in the first part of 2023,"* stated Horia Cardos, founder and CEO of Agroland Business System.

In the first nine months of 2022, the Agroland Group operated 249 stores (20 MEGA and 229 traditional), three more than at the end of Q3 2021. In terms of the performance of all own stores (including the performance of MEGA stores), this increased significantly in Q3 2022, reaching 18.1 million lei, plus 41% compared to Q3 2021. The number of customers increased by 24%, reaching over 278,000 customers who visited Agroland Traditional and MEGA stores in Q3 2022 - a natural result due to the growth and diversification of the client portfolio through the company's geographic expansion, as well as targeting other categories of clients, especially clients for the pet segment.

The performance of MEGA stores in Q3 2022 increased significantly, by 110%, up to 8 million lei, and the number of customers in these stores increased by 80%, up to over 131,000 customers. Regarding the performance of the traditional Agroland and Micul Fermier stores, it increased by 14% in Q3 2022 compared to Q3 2021, net sales reached 9.5 million lei, and the number of customers decreased by 3%, reaching almost 138,000 customers. The decrease in the total number of customers in traditional stores reflects the company's strategy in recent years to close several traditional stores, followed, in most cases, by the opening of MEGA stores in the same cities, which thus take over the flow of customers who shopped in the stores traditional.

At the level of online sales, a 9% increase was recorded, reaching 2 million lei in Q3 2022. Also, the number of online customers increased by 76%, up to almost 10,000, while the average value of the tax receipt for online shopping was the highest since the beginning of the year. The increase in online sales is because the online department has been reorganized, currently having much more advanced hardware and software technology compared to 2021, which allows for the efficiency of online sales processes.

Regarding the revenues by product type, in the first nine months of 2022, the largest increase in absolute value was recorded at the level of inputs, which increased by 108%, reaching 56.5 million lei. Pet food products registered a 44% increase, getting 22.1 million lei. In comparison, sales of products for farms increased by 114%, reaching 6 million lei, and sales of food products, which represent the sale of consumer eggs, increased by 76%, reaching 10.7 million lei. The feed and concentrates category, with

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the largest contribution to the combined turnover, recorded a 10% increase, up to 93 million lei. The sale of day-old chicks registered an 8% increase, up to 52.8 million lei.

*"In the first nine months of the year, the results obtained were influenced by a faster increase in costs compared to revenues, costs that also exceeded our estimates. Also, the opening of the feed factory in October, which would have had an impact on the net profit of approximately 3 million lei, was not possible due to successive delays in the delivery of essential equipment so that the factory will be open in 2023. All these factors force us to revise the budgeted net result for this year. Thus, we expect to end 2022 with a turnover of 292.2 million lei, an EBITDA of 11.2 million lei, and a net profit of 3.6 million lei. Despite this context, we remain focused on our long-term growth by continuing to invest in our business, focusing in particular on the development or introduction of business lines that can positively impact the company's net margin,"* added Horia Cardos.

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 approximately 114 million lei.

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#### **About Agroland Business System**

*Agroland Agribusiness is a Romanian entrepreneurial company specialized in the sale of inputs for agriculture. The company is currently operating in the southern part of the country, respectively in the counties of Dolj, Olt, Mehedinți, Arges, Teleorman, Valcea, Gorj, Dambovita, Ilfov, Ialomita, Calarasi, Tulcea, Braila and Constanta. The main agricultural inputs sold by Agroland Agribusiness are fertilizers, pesticides, seeds, and fuels, so the company sells the entire set of inputs needed by farmers. Secondly, Agroland Agribusiness is also involved in grain trading. It purchases grain from farmers and capitalizes it on large traders who operate only at fixed points or only in ports. Thus, Agroland Agribusiness operates as a supplier for farmers through the inputs it sells and as a potential buyer of farmers' crops. Agroland Agribusiness shares are listed on the AeRO market of the Bucharest Stock Exchange as of June 15, 2021, under the symbol AAB.*

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