

Agroland posts consolidated revenues of 302.7 million lei and a net profit of 3.2 million lei in 2022

Timisoara, February 24, 2023 – 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 302.7 million lei in 2022, a 30% increase compared to 2021 and a net profit of 3.2 million lei, a 63% decrease compared to 2021. The decrease in the bottom line was determined by several factors, such as consumer behavior caused by inflation, the investments made by the company in the development of new stores or the modernization of the existing ones, the investments made in the preparation of the factories in Caransebes and Isalnita to produce feed and the preparation for the start of the production of liquid eggs at the Mihailesti factory.

"2022 represented a real test of resilience for companies, especially those active in the agri-food sector, which had to manage challenges that overlapped during this period. However, over the past year, we have continued to make significant investments across all our business lines. In addition to having an integrated business model, our objective is to diversify our revenue source and rebalance its structure throughout the activity. Thus, we will reduce the seasonality of the Agroland Business System business, which historically generated a significant proportion of revenues and profits in the first half of the year. The new investments in the Mihăilești farm and the Caransebes and Isalnita factories will bring Agroland's business model a more consistent structure of revenues and profits over one year of activity", stated Horia Cardos, founder and CEO of Agroland Business System.

In 2022, the Agroland Group operated 242 stores, of which 22 were MEGA. All stores performance (including the performance of MEGA stores) increased in 2022, generating revenues of 80.9 million lei, plus 27% compared to 2021. The number of customers increased by 17%, exceeding 1,1 million who visited Agroland Traditional, Micul Fermier, and MEGA stores in 2022.

The performance of MEGA stores in 2022 increased significantly, by 111%, up to 30.4 million lei, and the number of customers in these stores increased by 81%, up to approximately 498,000 customers. The performance of the Agroland Traditional and Micul Fermier stores increased by 3% in 2022 compared to 2021, with net sales reaching 48.6 million lei, and the number of customers decreased by 8%, reaching just over 605,000 customers. The decrease in the total number of customers in the 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 traditional stores.

At the level of online sales, a 14% increase was recorded, reaching 6.9 million lei in 2022. Also, online customers increased by 22% in 2022, up to approximately 35,300. From the point of view of sales, the online store is the most important Agroland store because it generates the highest revenues. The company invested last year in implementing a much more advanced hardware and software technology compared to 2021.

In terms of revenues by product type, in 2022, the largest contribution to the turnover was made by feed and concentrates, which amounted to 92.2 million lei, an 8% increase compared to 2021. At the end of 2022, Agroland began feed production at the Caransebes and Isalnita factories. This will have a significant impact on the margins obtained as of 2023. The sale of agricultural inputs (results generated by Agroland Agribusiness), which increased by 84%, reaching 69,9 million lei, had the second largest contribution to the turnover.

The sale of day-old chicks increased by 7% in 2022, reaching 54.1 million lei. Pet food products registered a 33% increase, reaching 28.8 million lei. Sales of products for farms increased by 105%, reaching 16.9 million lei, and sales of food products, which represent the sale of table eggs, increased by 75%, reaching 17.2 million lei. At the level of this business line, the company is working on starting the production of liquid eggs in Mihailesti in the first half of 2023.

In 2022, one of the most significant investments made by the company was the Isalnita factory, whose value was over 3.5 million euros. The investment included land, buildings, equipment, and utilities. Its capacity is 30,000 tons per year, representing 75% of Agroland's current needs for farms and retail. The significant advantage of the factory in Isalnita is the high energy efficiency, being fully automated, and working with a minimum number of operators, so the company's management estimates that the amortization of the investment will occur in a maximum of three years.

Regarding the factory in Mihailesti, the investments made in the last two years have increased the production capacity of table eggs from 3.2 million eggs per month to 5 million eggs per month as of this year. Also, last December, Agroland increased the number of production hens at the factory from 125,000 to 180,000, and in February 2023, the capacity reached 205,000.

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 107 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 operates in the southern part of the country, respectively in Dolj, Olt, Mehedintii, 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 operating only at fixed points or ports. Thus, Agroland Agribusiness operates as a supplier for farmers through its inputs 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.
