

Agroland Business System Agroland Business System closes 2023 with operating revenues of 295.6 million lei and an operating profit of 11.2 million lei

Timisoara, February 23, 2024 – Agroland Business System (BVB: AG), the Romanian entrepreneurial retail, agriculture, and food group that owns the largest network of agricultural stores in Romania, posts, at the consolidated level, operating revenue of 295.6 million lei for 2023, down 3% compared to the previous year. At the same time, operating profit increased by 45% to 11.2 million lei, while net profit amounted to 4.7 million lei, a 42% appreciation year-on-year.

"The year 2023 presented a new challenge that companies active in the agricultural and related sectors had to manage, characterized by high inflation and interest rates. Added to this is the particular situation of the sector, affected by declining grain prices and drought. On the positive side, all these factors demonstrate the value of diversifying our business, covering the entire production cycle from seed to shelf. In this way, even in difficult times such as the present, we can manage potential risks much better so that the company as a whole continues to be profitable, with an increasing profit margin year-on-year - an important aspect for us and also proof that our strategy of introducing a diversified product range is an effective one," stated Horia Cardos, founder and CEO of Agroland Business System.

Turnover increased by 3% in 2023 and reached 289.8 million lei. This is mainly made up of feed and concentrates sales, which amounted to 86.9 million lei, a 1% increase on the previous year, amid higher volumes but negatively influenced by the decrease in the price of this category. Sales of agricultural inputs (results generated by Agroland Agribusiness) decreased by 10% compared to 2022, to 62.5 million lei, as a result of challenges in the agricultural sector, which affected the financial situation of farmers.

Sales of day-old chickens continued their positive trend, recording a 14% advance over 2022 to 53.2 million lei. Sales of food products, which represent the sale of eggs for consumption, recorded the highest absolute growth, reaching 31.2 million lei, an 82% increase compared to the previous year, due to the increase in production capacity at Mihăilești.

During 2023, Agroland Business System inaugurated two new investments, which significantly improve the margins practiced by the company. One of them is the feed factory in Isalnita, a 20 million lei investment, which produces all the feed needed by Agroland-owned farms and other farms, while some is delivered to the retail network. Other developments have also been carried out in the feed factories to diversify the range of products on offer, with the production of rabbit and lamb feed having started in Isalnita, a niche market in which the company aims to become the national market leader. A new packaging line has also been installed in Caransebes, so that this factory has the capacity to package premixes under its own brand for all types of farm animals.

Another investment made by Agroland Business System in 2023 was the operationalization of the pet food factory, which complements the company's complex business model. The production of this factory, estimated at a capacity of 300 tons per month, will be marketed under its own brands, A-Pet-It and Pamax. From 2024 onwards, the annual revenue impact of the factory will be around 12 million lei.

"The stabilization of prices in the agricultural sector and the rainfall that has so far been at a higher level compared to the previous year create the conditions for an improvement in the condition of farmers, both hobby farmers and those farming large areas. There are also promises from the government to support the agricultural and livestock sector. These will have an impact both indirectly, by enabling farmers to buy inputs from Agroland Agribusiness, and directly, by supporting poultry farming in Mihăilești. In this way, given the current premises, 2024 looks set to be a year of stabilization, with lower price and interest rate



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fluctuations, which will provide greater predictability for both companies and consumers. Also, the investments we have made in recent years to complete our business model will generate improved revenues and margins," added Horia Cardos.

Agroland Business System is listed on the AeRO market of the Bucharest Stock Exchange as of March 1, 2021, and trades under the symbol AG, with a market capitalization of approximately 109 million lei. At the end of 2023, the Agroland Group operated 235 stores, of which 23 were MEGA stores.

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About Agroland Business System

Agroland Business System (BVB: AG) is a Romanian entrepreneurial company owning Romania's largest network of agricultural stores. The company was founded in 2009 in Timișoara by entrepreneur Horia Cardoș and today operates a network of over 230 specialized stores selling products for the garden, farm, and pets. Also, the company owns the Mihăilești Avicola platform, which produces consumer eggs and day-old chicks. This platform comprises six farms spread over 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 listed on the AeRO market of the Bucharest Stock Exchange since March 1, 2021, under the symbol AG.
