

**ARGUS S.A.**

**FINANCIAL REPORT FOR THE FIRST QUARTER OF 2024**

**Drawn up according to ASF Regulation no. 5/ 2018**





## ISSUING INFORMATION

- Name: **Argus S.A.**
- Headquarters: **1 Industrialia Street, Constanta – Romania**
- Unique tax registration code: **RO1872644**
- Serial number in the commercial register: **J13/550/1991**
- Object of activity: **Manufacture of oils and fats (CAEN 1041)**
- Legal Entity Identifier Code: **315700M31ZOTBZMMBE46**

## SECURITIES INFORMATION

- Subscribed and paid-in share capital: **RON 53,670,699**
- The regulated market on which the issued securities are traded: **AeRO**
- Trading symbol: **UARG**

## CONTACT DETAILS FOR INVESTORS

- Telephone/fax number: **+40 241 67 68 40; +40 241 63 43 67**
- Email address: **secretariat@argus-oil.ro**
- Website: **[www.argus-oil.ro](http://www.argus-oil.ro)**



## ABOUT ARGUS

Argus S.A. operates in the field of production of vegetable oils and fats, having as main activity the manufacture and marketing of crude and refined sunflower oils and fats, feed groats, fatty acids.

The company started its activity in 1948, being one of the most important producers of vegetable oils in Romania. In 1990, the Company was reorganized as a joint stock company under the name of S.C. ARGUS S.A. according to Law 15/1990 based on GD 1353/1990 and on August 31, 1994 the Company became a 100% private joint-stock company, according to Law 58/1991.

Argus S.A. is an entirely Romanian business model, which has stood the test of time, has grown, evolved, cultivated tradition and consolidated a local brand that can compete at any time with similar European products.

The processes within Argus are carried out according to the Integrated Quality and Environmental Management System, the company demonstrating its continuous commitment to improving environmental performance, quality and risk management in food safety, to meet the requirements and expectations of customers and all stakeholders.

The company is ISO 9001, ISO 140001 and FSSC 22000 certified through audits by Lloyd's Register and LRQA.

The subscribed share capital of the company on March 31, 2024 amounts to RON 53,670,699 and the nominal value of one share is RON 1.5/share.

The shareholding structure as at 31 March 2024 is as follows:

- Infinity Capital Investments SA: 91.42%
- Other legal entities and individuals: 8.58%

The shares of Argus S.A. Constanta are traded on the AeRO market of the Bucharest Stock Exchange under the symbol UARG, starting with June 5, 2015.

# FINANCIAL RESULTS ANALYSIS

## Balance sheet items

RON	31.mar.24	31.dec.23
<b>FIXED ASSETS, of which:</b>	<b>83,230,262</b>	<b>84,967,159</b>
Intangible assets	5,308	6,736
Property, plant and equipment	67,807,519	69,549,129
Financial fixed assets	15,417,435	15,411,293
<b>CURRENT ASSETS, of which:</b>	<b>72,739,827</b>	<b>97,779,922</b>
Stocks	47,197,514	73,550,234
Receivables	24,262,996	22,770,360
Cash and Bank Accounts	1,279,317	1,459,328
<b>EXPENSES IN ADVANCE</b>	<b>676,455</b>	<b>74,929</b>
<b>TOTAL ASSETS</b>	<b>156,646,544</b>	<b>182,822,009</b>
<b>DEBTS, of which:</b>	<b>65,752,122</b>	<b>88,261,131</b>
Short-term liabilities	64,943,276	87,370,907
Long-term liabilities	808,845	890,224
<b>PROVISIONS</b>	<b>2,124,191</b>	<b>2,278,329</b>
<b>ADVANCE INCOME</b>	<b>157,088</b>	<b>98,032</b>
<b>EQUITY, of which:</b>	<b>88,613,143</b>	<b>92,184,517</b>
Capital	53,670,699	53,670,699
Share premium	97,248	97,248
Revaluation reserves	69,829,779	69,829,779
Reserves	21,796,940	21,796,940
Losses on equity instruments	(578,989)	(578,989)
Profit or loss carried forward	(52,631,160)	-
Profit or loss for the financial year	(3,571,374)	(52,631,160)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>156,646,544</b>	<b>182,822,009</b>

Compared to December 31, 2023, as of March 31, 2024, **non-current assets** decreased as a result of the decrease in the value of property, plant and equipment amid their depreciation.

During the same period, the decrease in **current assets** was mainly determined by the decrease in stocks of raw materials (sunflower seeds), semi-finished products (crude and refined sunflower oil) and finished products (bottled oil) as a result of their sale. At the same time, there was an increase in trade receivables by 6.56%, amid the acceleration of oil sales in March 2024, 50% more than the previous month.

As of March 31, 2024, **equity registered** a decrease of RON 3.57 million compared to the value recorded on December 31, 2023, as a result of the loss recorded in the current period. At the same time, the ratio of total equity to total assets increased from 50% as of December 31, 2023 to 57% as of March 31, 2024.

**The debts** registered a decrease of 22.5 million lei as a result of the decrease in debts to banking institutions, as a result of the partial early repayment of the loan contracted in the agricultural campaign 2023 – 2024 for the purchase of raw materials.

## Profit and loss account

RON	31.mar.24	31.mar.23
<b>OPERATING INCOME, of which:</b>	<b>70,261,413</b>	<b>63,197,286</b>
Net turnover	53,763,100	32,000,316
Change in stocks	16,493,593	30,030,395
Other operating income	4,721	1,166,574
<b>OPERATING EXPENSES, of which:</b>	<b>72,885,446</b>	<b>66,917,400</b>
Expenditure on raw materials and consumables	60,363,195	56,523,870
Other material expenses	118,425	47,453
Other external expenditure	3,311,301	2,035,699
Expenditure on goods	395	856
Trade discounts received	-	-
Staff costs	5,031,899	3,450,323
Value adjustments regarding tangible and intangible assets	1,900,912	2,281,411
Value adjustments in respect of current assets	(1,335,244)	(66,884)
Other operating charges	3,648,702	2,921,873
Adjustments to provisions	(154,138)	(277,201)
<b>OPERATING RESULT</b>	<b>(2,624,032)</b>	<b>(3,720,114)</b>
FINANCIAL INCOME	97,489	8,319,253
FINANCIAL EXPENSES	1,044,831	3,543,205
<b>FINANCIAL RESULT</b>	<b>(947,341)</b>	<b>4,776,048</b>
<b>TOTAL REVENUE</b>	<b>70,358,903</b>	<b>71,516,538</b>
<b>TOTAL EXPENSES</b>	<b>73,930,277</b>	<b>70,460,605</b>
<b>GROSS RESULT</b>	<b>(3,571,374)</b>	<b>1,055,933</b>
CORPORATE TAX	-	373,003
<b>NET RESULT</b>	<b>(3,571,374)</b>	<b>682,930</b>

**The net turnover** increased by 68% compared to Q1/23, influenced by the increase in sales volumes of refined and bottled oil by 275%, amid a mix effect (strongly influenced by the development of the entry-level and private label segment) and a price strongly affected both by the international price evolution and the protectionist measures applied since August 2023.

In the first quarter of 2024, **operating expenses** increased by approximately 9% compared to the first quarter of 2023 as a result of increased production.

**The operating result** in the first quarter of 2024 was a loss of RON 3.57 million and reflects the result of maintaining sales prices on the bottled oil market in Romania close to the level of production cost.

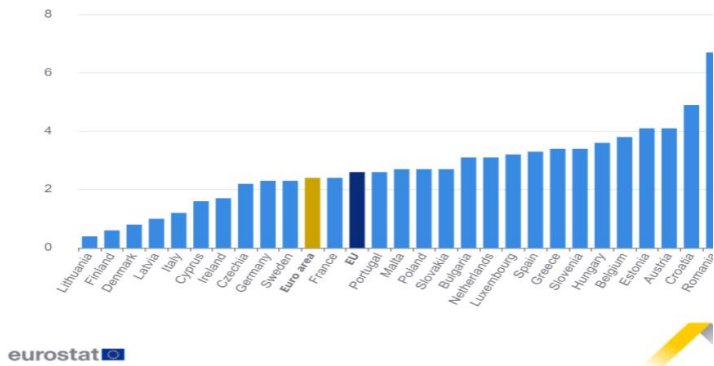
**The net financial result** in the first quarter of 2024 is largely determined by interest expenses associated with the loan contracted by the company for the purchase of raw materials.

## Analysis of the company's activity in Q1 2024

The company's activity, mainly oriented towards the marketing of bottled sunflower oil on the Romanian market, continues to be affected by the protectionist measures adopted by the Romanian Government starting with H2/2023 and extended until the end of 2024 (through GEO no. 67/2023). The measures have the stated objective of reducing inflation by lowering the price on the shelf and targeted our industry by limiting the mark-up to 20% for refined sunflower oil. Their application negatively affected value-added products and favoured products with a low trade margin and thus the entire profitability of the company's operations.

Despite these measures, Romania remained the country with the highest level of inflation in the EU (according to information published in March 2024 by Eurostat), as shown in the chart below.

Rata anuală a inflației (%), martie 2024



Romania had in March the highest inflation in the European Union of 6.7%, far from the next ranked, Croatia, with 4.9%, according to data published by the European Bureau of Statistics Eurostat.

According to public information, consumption in Romania is no longer an engine of growth, and the shopping cart is more fragmented and with carefully selected content, including for basic products such as sunflower oil.

The loyalty of buyers to brands continues the downward trend observed since last year amid the alternation of choice between product types, the increasing share being oriented towards private label and entry-level products whose commercial margins are extremely low.

However, consistent with our company's brand development strategy and, implicitly, the consolidation of market share, in 2023 Argus became number 3 in volume share in Romania within the Sunflower Oil category - according to NielsenIQ data.

The price of sunflower oil internationally is still at an all-time low, remaining the cheapest vegetable oil. In Q1/2024, oil prices continued to decline as Ukraine exported significantly higher volumes compared to Q1/2023 (+45%), amid high inventories and increased production. This development was influenced by the delay in soybean harvesting in Argentina but also in the context of high palm oil production in Malaysia and falling prices, which lead to significantly higher imports in India (the largest consumer of vegetable oils in the world). This growth was propelled by the operation of Black Sea ports, but also by the expansion of transshipment capacities in terminals.

The price of the sunflower meal has decreased significantly (minus 25% compared to the previous quarter) since January 2024 amid weakening demand due to the significant increase in soybean meal supply in Argentina, the massive availability of the product from Ukraine, but also the decrease in the price of corn and feed wheat. Added to this context is the crisis in the Red Sea, which majorly affects international grain trade, with over 50% of ship traffic being redirected to bypass routes that lead to additional costs and significantly longer transit times. This situation will continue to cause a high pressure on FOB prices in the Black Sea, with a negative impact on producers' profitability.



## **Other significant events**

On April 17, 2024, the Ordinary General Meeting of Shareholders (OGMS) approved:

- Income and Expenditure Budget for 2024 of Argus S.A.
- reappointment Deloitte Audit S.R.L. as Financial Auditor of the Company for 2024
- appointing a Board of Directors of Argus S.A. for a term of 2 (two) years starting with 21.04.2024 composed of the following persons: Vişan George-Gabriel (President), Stan Bogdan and Ştefan Delia-Maria.

## **Management statement**

I, the undersigned Vişan George-Gabriel, as Chairman of the Board of Directors of ARGUS S.A., according to the best information available, confirm that the condensed interim financial statements for the three-month period ended 31 March 2024 give a true and fair view of the assets, liabilities and financial position of the company as at 31 March 2024 and of the statement of income and expenses of ARGUS S.A. for the above-mentioned period and that The management report provides an accurate and true picture of the important events that occurred in the first quarter of fiscal year 2024 and their impact on the company's financial statements.

Please note that the financial statements prepared as at March 31, 2024 have not been audited.

**Chairman of the Board of Directors,  
George-Gabriel Vişan**