

PRESS RELEASE

Loudéac, 28 March 2024



2023 FULL-YEAR RESULTS

Revenue up 5% despite the widespread fall in prices
Sharp fall in activity in the fourth quarter, which weighed on EBITDA

OUTLOOK FOR 2024

A difficult first quarter but gradual growth in business
Strict financial discipline to improve EBITDA
Commitment to reduce the Group's debt

WINFARM (ISIN code: FR0014000P11 - ticker: ALWF), the number one French distance-seller for the farming industry, today released its consolidated results for 2023.

At its meeting on 28 March 2024, the Board of Directors approved the consolidated financial statements for the financial year ended 31 December 2023. These financial statements have been reviewed by the statutory auditors and the certification reports are currently being prepared. The consolidated financial statements for the 2023 financial year are available on the company's website in the investor space.

<i>Consolidated data, French accounting standards, Audited financial statements in €m</i>	2023	2022
Revenue	137.6	130.9
Gross margin	45.1	41.7
<i>As a % of revenue</i>	<i>32.8%</i>	<i>31.9%</i>
EBITDA	2.3%	4.5%
<i>As a % of revenue</i>	<i>1.7%</i>	<i>3.5%</i>
Depreciation, amortisation, and provisions	(5.0)	(3.6)
Operating income/(loss)	(2.5)	1.1
Net financial income/(expense)	(0.4)	(0.2)
Non-recurring profit/(loss)	(0.0)	(0.2)
Corporate tax	(0.2)	(0.2)
Share of net income of companies accounted for by the equity method		-
Group net income/(loss)	(3.0)	0.6

After a strong inflationary effect in 2022, the Group had to deal with a widespread easing of prices in 2023. This concerned animal nutrition, hygiene products and, to a lesser extent, fencing and spare parts. After increases ranging from 10% to 20% in all these categories since 2021, representing one third of Winfarm's revenue, prices fell by 15% to 20% over the year.

2023 also saw a sudden slowdown in demand in the fourth quarter, due in particular to disastrous weather conditions (floods in Pas-de-Calais).

After several years of average sales growth of between 15% and 20%, these factors naturally weighed on the Group's revenue, which rose by just 5% versus 2022 to €137.6m, and on its profitability.

Increase in sales limited by the fall in prices and the slowdown in the market in the fourth quarter

In 2023, the **Farming Supplies** business (91% of revenue at 30 December 2023), marketed under the Vital Concept brand, posted revenue of €125.1m, an increase of 7.1%.

Given the negative price effect combined with an unfavourable calendar effect (four fewer invoicing days compared to 2022), Winfarm managed to maintain a satisfactory level of activity with a change in its organic scope, excluding the contribution of Kabelis, which registered a limited decline of 2.4%.

The **Farming Production** business (7% of revenue at 31 September 2023), marketed under the Alphatech brand, generated revenue of €10.0m in 2023, down 18.2%. Despite signs of a recovery during the second half, business activity in the Middle East (Pakistan, Egypt, Iraq, Saudi Arabia, UAE), accounting for 17% of the division's revenue in 2023, remained weak over the period (versus growth of 25% the previous year). In an already difficult context marked by the unavailability of currencies for export in the first half of the year, difficulties in the Red Sea in the fourth quarter once again caused a slowdown in sales momentum in the countries in that region with the deferral of certain orders to 2024 due to an extension of their delivery times.

The "**Other activities**", which include consulting and training services, marketed under the Agritech brand, and the operating activities of the Bel-Orient pilot farm, saw sales growth of 25%.

Increase in gross margin but operating expenses weighed on profitability

The rapid downward trend in prices forced the Group to act quickly and take immediate measures to protect its margins, by optimising inventories and focusing on references that make the biggest contribution. Over the full year, the Group succeeded in recovering its margin, which reached 32.8% of revenue compared with 31.9% in 2022.

However, revenue growth was not enough to offset the rise in expenses. The rise in wages, with the integration of the Kabelis Group companies over 12 months compared with five months in 2022, and the necessary increases given the inflationary environment weighed on profitability. The rise in operating expenses linked in particular to the opening of three new Kabelis depot centres in France and the costs linked to the commercial launch of "Au Pré" also had an impact on EBITDA. Against this backdrop, at 31 December 2023, EBITDA stood at €2.3m compared with €4.5m at end-December 2022, representing 1.7% of full-year revenue compared with 3.5% in 2022.

The sharp increase in depreciation, amortisation and provisions of €1.5m related to the extension of the Alphatech production unit and the implementation of the new ERP system also impacted operating income, leading to an operating loss of €2.5m compared with operating income of €1.1m at the end of 2022.

There was a Group net loss of €3.0m versus a Group net profit of €0.6m in 2022.

A well-managed balance sheet structure

At 31 December 2023, the Group had shareholders' equity of €20.1m (versus €23.1m at the end of 2022) and a cash position of €7.5m (versus €9.1m at the end of 2022). The latter benefited from new financing arrangements with banking partners to the tune of €10.2 million, resulting in financial debt of €39.9m at end-2023 compared with €32.2m at end-2022.

The measures to revitalise business and ensure stricter financial management should enable the Group to start deleveraging and rebuild its cash position as from the 2024 financial year.

Outlook for 2024: revitalisation of activity and strict financial discipline

In order to return to more profitable growth in 2024 and beyond, the Group has put in place several measures to revitalise business, optimise its organisational structure and limit the weight of operating expenses.

Commercially:

- The Group intends to continue **rationalising its product offering** and to favour references that represent the biggest contribution. With this in mind, it will prioritise the development of its own-brand references while supporting the efforts already made on the BTN de Haas and Kabelis catalogues;
- **Strengthening of campaigns involving targeted outgoing calls** in connection with the Group's historical expertise will be a priority for developing sales of the Farming Supplies activity;
- In 2024, the Group will also be able to count on an **increase in revenue from the Farming Supplies business following the launch at the end of February 2024 of version 2 of the Vital Concept website**. An in-depth review of the general ergonomics of the site and optimised browsing speed have helped to enhance the quality of the user experience. On foot of these efforts, the Group has seen an increase in online sales of nearly 20% a week since this launch;
- Finally, after the **successful launch of "Au Pré"**, its dairy recovery concept for a network of independent farmers, the Group has entered into contracts with hospital groups, a logistics platform, a high school and a group of nursing homes. A total of seven contracts with group canteens have already been concluded in the space of a few months.

In addition to measures to **simplify its organisation**, the Group should also benefit from continued synergies with Kabelis. The pooling of the new ERP system and the grouping of activities at the central warehouse in Loudéac should, for example, lead to a reduction in transport costs of around €400k.

Finally, **cost control measures** should enable the Group to increase its EBITDA. Alphatech, the Farming Production activity, which until now has had a negative export impact, should gradually improve. The efforts initiated in 2022 and 2023 in the Middle East and the strategic refocus on Asia and Europe should materialise from the first half of the year with a significant improvement in margins.

For the Group as a whole, operating expenses will remain under strict control with, in particular, a freeze on remuneration and hiring during the year.

Combined with strict financial discipline, these measures should help to bring about a **gradual improvement in activity and profitability in 2024 despite expectations of a difficult first quarter from a commercial perspective**.

To achieve this, Winfarm will rely on its key fundamentals which drive performance and enable it to stand out in a sector that has been experiencing difficulties in recent months:

- Competitive and transparent pricing for customers,
- A vast catalogue that is continuously updated thanks to innovation,
- A solid business model combining an established historical activity and growth drivers,
- Demonstrated integration ability,
- An established positioning giving the Group a unique place in the ecosystem.

Next release:

Q1 2024 revenue, 6 May 2024 after market close

A propos de WINFARM

Fondé à Loudéac, au cœur de la Bretagne, au début des années 90, le groupe WINFARM est aujourd'hui le premier acteur français proposant aux marchés de l'agriculture, de l'élevage, du cheval et du paysage, un ensemble de prestations de conseil, de service, et de vente à distance de produits et de solutions globales, uniques et intégrées, pour les aider à répondre aux nouveaux défis technologiques, économiques, environnementaux et sociaux de l'agriculture nouvelle génération.

Fort d'un un large catalogue de plus de 35 000 références (semences, produits d'hygiène et de récolte, ...), dont deux-tiers sont composés de marques propres, WINFARM compte plus de 45 000 clients en Belgique et aux Pays-Bas.

Pour plus d'information sur la société : www.winfarm-group.com

Contacts :

WINFARM

investisseurs@winfarm-group.com

SEITOSEI . ACTIFIN

Communication financière

Benjamin LEHARI
+33 (0) 1 56 88 11 25
benjamin.lehari@seitosei-actifin.com

Relations presse financière

Jennifer JULLIA
+33 (0)1 56 88 11 19
jennifer.jullia@seitosei-actifin.com