

## **Due Diligence Report: From Selling Popcorn to Selling Reed to \$143 Million in Market Cap: Sign me up**

### **Summary**

AgriEuro Corp operates in the agricultural, aquaculture and tourism industry in Europe. The company's flagship property is located at the junction of the Danube delta and the Black Sea and encompasses a variety of currently revenue-producing and soon-to-be producing businesses. It spans over 4,200 acres on a Unesco World Heritage site.

#### **History:**

AgriEuro Corp. started its life as Artex Corporation and its original business plan involved selling popcorn through mobile carts in Poland. Not the most conventional of ideas for a public company, but the SEC didn't seem to mind. On September 16, 2014, Artex's S-1 registration statement was declared effective. It became apparent very quickly that the popcorn business isn't going to work. Less than a year after Artex became a public entity, it went through a reverse merger which was accompanied by a 40-for-1 forward split. The headquarters was moved from Poland to Romania, the new name and ticker symbol went into effect, and the company entered the agriculture and hospitality sectors.

AgriEuro Corp. has a current market capitalization of \$143.36 M with 256.0 M outstanding shares. Its daily average volume traded is 150,214 shares.

### **Key Indicators (Q3 2015)**

Shares Outstanding	256.0 M
Revenue (FY 2014)	0.15 M
Gross Profit	0.02 M
Net Loss (basic/diluted)	-0.09 M
Cash and Short-term Inv	0.01 M
Total Debt	2.19 M

### **Performance (5 Day)**



### **Recent News and Analysis:**

Most recently the Company announced that it has been invited to join The Bio-Danubius Cluster, one of the newest and biggest ecological clusters in Europe. Very few companies in the world have been invited to join this group and the company believes that this membership will help increase its revenues from the sale of its fish product. The Bio-Danubius Cluster was set up, at the initiative of the Bio Romania Association, the Organic Food Research Institute and other interested parties, and its goals are to

support and promote organic agriculture and superior raw materials. The main arguments that led to the setting up of the first bio cluster in Tulcea had to do with the existence of the Danube Delta Biosphere Reservation, but also because in time it had the biggest concentration of organic farmers in Romania.

The management team say that they eventually want to develop a luxury resort on the Danube Delta, but for the time being, EURI's revenues are generated through the sale of reed. During Q3, for example, they expected to sell 250 thousand bundles of reed at approximately €1.60 per bundle, but in reality, they only managed to shift about 99 thousand at around €1.30 apiece. As a result, the financial statement looked like this on September 30:

- cash: \$13 thousand
- current assets: \$188 thousand
- current liabilities: \$2.3 million
- quarterly revenues: \$151 thousand
- quarterly net loss: \$96 thousand

The management team say in the 10-Q that the next reed harvest isn't due until March 2016 and they admit that in the meantime, sales will probably be quite slow. Bloggers and newsletter writers argue that the company is doing quite well. The recent news states that the company believes that this membership will help increase its revenues from the sale of its fish product. However, will revenue from these 'fish products' justify the \$143 million market cap? I hardly think so.

### **Conclusions:**

The S-1 registration form mentioned earlier helps shed some light. It registered 10,000,000 shares which were offered to the public at a price of \$0.01 per share. Of those 10,000,000 shares, some people whose identity hasn't been revealed bought a total of 2,100,000. Thanks to the forward split from September, those unidentified people woke up one morning holding on to as much as 84,000,000 EURI shares for which they originally paid a little over \$20 thousand. At Tuesday's close price this translates to just over \$47 million; enough reason to 'pump up' the share price.

## Sources:

1. <https://ca.finance.yahoo.com/q?s=EURI>
2. <http://www.google.ca/finance?q=OTCBB%3AEURI&hl=en&gl=ca&ei=Y1Q5VsGFE9iYjAHjhr74Aw>
3. <http://www.reuters.com/finance/stocks/companyProfile?rpc=66&symbol=EURI.OB>
4. <http://www.otcmarts.com/stock/EURI/news/AgriEuro-Joins-The-Highly-Praised-Bio-Danubius-Cluster?id=117007&b=y>
5. <http://www.hotstocked.com/article/91862/agrieuro-corp-otcbb-euri-stays-calm-on-day-two.html>
6. <http://www.journaltranscript.com/2015/10/activemarketinsider-initiates-coverage-on-agrieuro-corp-otcbb-euri/>
7. <http://www.google.ca/finance?q=euri&hl=en&gl=ca&ei=V1Y5VsGFE9e5jAHZ1rHgDA>

## Risk Factors

An investment in the common stock of the company is subject to a number of risks. The information below contains latest filings and risk factors that should be considered by all investors. Investors should carefully consider the risk factors set out below and consider all other information contained herein, and in the company's SEC filings, before making an investment decision. We assume no obligation to update or revise any such forward looking statements to reflect events or circumstances that occur after such statements are made. A complete list of filings including the risk factors for the company can be found here: <http://www.sec.gov/cgi-bin/browse-edgar?CIK=prgn&Find=Search&owner=exclude&action=getcompany>

Disclosure: I, Robert Borowski, research analyst have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions and I have no business relationship with any company whose stock is mentioned in the article.

The information contained herein is not intended to be investment advice and does not constitute any form of invitation or inducement by Robert Borowski to engage in investment activity. Neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Securities, financial instruments, strategies, or commentary mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fluctuate, and an investor may, upon selling an investment lose a portion of, or the entire principal amount invested. Past performance is no

guarantee of future results. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

#### FORWARD-LOOKING STATEMENT

This report may contain certain forward-looking statements and information, as defined within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and is subject to the Safe Harbor created by those sections. This material contains statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Such forward-looking statements by definition involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of mentioned company to be materially different from the statements made herein.

#### COMPLIANCE PROCEDURE

Content is researched, written and reviewed on a best-effort basis. This document, article or report is written and authored by Robert Borowski. An outsourced research services provider represented by Robert Borowski, provided Broad Street Alerts this article or report. However, we are only human and may make mistakes. If you notice any errors or omissions, please notify us below. Broad Street Alerts is not entitled to veto, interfere or alter the articles, documents or report once created and reviewed by the outsourced research provider represented by Robert Borowski. All parties responsible for the creation and dissemination of this report do not engage in high frequency trading.

#### NO WARRANTY OR LIABILITY ASSUMED

Broad Street Alerts has not been compensated for the creation or dissemination of this report. Broad Street Alerts is not responsible for any error, mistake or shortcoming which may be occasioned at the time of printing of this document. Broad Street Alerts does not hold any positions in profiled company(s). No liability is accepted by Broad Street Alerts whatsoever for any direct, indirect or consequential loss arising from the use of this document. Broad Street Alerts expressly disclaim any fiduciary responsibility or liability for any consequences, financial or otherwise arising from any reliance placed on the information in this document. Broad Street Alerts does not guarantee the accuracy, timeliness, completeness or correct sequencing of the information, or warrant any results from use of the information. The included information is subject to change without notice.

Broad Street Alerts is the party responsible for hosting the full analyst report. Broad Street Alerts has compensated Robert Borowski seventy five dollars for the right to disseminate this report. Information in this report is fact checked and produced on a best efforts basis by Robert Borowski.