AGRICOVER DISTRIBUTION SA

CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED
30 June 2022

Prepared in accordance with IAS 34 Interim Financial Reporting

Contents

Condensed Statement of Financial Position as at

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Notes	30 June 2022	31 December 2021 restated (note 3)
ASSETS			
Non-current assets			
Property, plant and equipment		7,336	3,294
Right of use assets		9,805	9,893
Intangible assets		4,635	4,532
Trade receivables	8	47,727	1,512
Other non-current receivables	8	7,556	7,424
Deferred income tax assets		422	1,982
Finance lease receivable		1,731	155
		79,212	**28,792**
Current assets			
Inventories	12	287,799	118,033
Finance lease receivable		1,121	458
Trade and other receivables	8	884,548	447,075
Other current assets		34,681	32,572
Cash and cash equivalents		2,428	447
		1,210,577	**598,585**
Total assets		**1,289,789**	**627,377**
EQUITY AND LIABILITIES			
Equity			
Share capital		10,464	10,464
Revaluation reserves		994	994
Other reserves		7,376	7,112
Retained earnings		121,761	113,845
Total equity		**140,595**	**132,415**
Non-current liabilities			
Lease liabilities		6,738	4,783
		6,738	**4,783**
Current liabilities			
Trade and other payables	10	866,460	412,025
Income tax liability		4,834	2,394
Borrowings	9	252,232	43,052
Lease liabilities		5,638	5,620
Contract liabilities		13,292	27,088
		1,142,456	**490,179**
Total liabilities		**1,149,194**	**494,962**
Total equity and liabilities		**1,289,789**	**627,377**

Condensed Statement of Profit and Loss and Other Comprehensive Income
for the six-month period ended 30 June

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Notes	2022	2021 restated (note 3)
Revenue	3	1,329,494	694,540
Cost of sales	5	(1,264,769)	(657,399)
Net credit losses on trade receivables	8	(3,944)	(5,891)
Gross profit		**60,781**	**31,250**
Administrative expenses	5	(15,298)	(10,965)
Other gains		2,379	305
Other operating expenses		(248)	(759)
Operating profit		**47,614**	**19,831**
Finance income		4,439	3,536
Finance costs	4	(12,443)	(5,733)
Net financial result		**(8,004)**	**(2,197)**
Profit before tax		**39,610**	**17,634**
Income tax expense		(9,766)	(2,676)
Profit for the period		**29,844**	**14,958**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**29,844**	**14,958**

Approved for issue and signed on behalf of the Board of Directors on 19 August 2022.

GP SERVICESS & COMMERCE SRL
by permanent representative Pinca Gheorghe Eugen
President of the Board of Directors

Daniela Dumitrache
Chief Financial Officer

Digitally signed by
Daniela Elena Dumitrache
Date: 2022.08.19 10:43:51

Condensed Statement of Changes in Equity

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
As at 1 January 2022	10,464	994	7,112	119,014	137,584
Restatement for long term receivable (note 3)	-	-	-	(5,169)	(5,169)
Balance as at 1 January 2022 restated	**10,464**	**994**	**7,112**	**113,845**	**132,415**
Profit for the period	-	-	-	29,844	29,844
Total comprehensive income for the period	**-**	**-**	**-**	**29,844**	**29,844**
Dividends distribution	-	-	-	(21,928)	(21,928)
Other changes in equity	-	-	264	-	264
Total transactions with owners in their capacity as owners	**-**	**-**	**264**	**(21,928)**	**(21,664)**
Balance at 30 June 2022	**10,464**	**994**	**7,376**	**121,761**	**140,595**

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
at 1 January 2021	10,464	994	4,740	99,417	115,615
Restatement for long term receivable (note 3)	-	-	-	(3,300)	(3,300)
Balance as at 1 January 2021 restated	**10,464**	**994**	**4,740**	**96,117**	**112,315**
Profit for the period	-	-	-	14,958	14,958
Total comprehensive income for the period	**-**	**-**	**-**	**14,958**	**14,958**
Dividends distribution	-	-	-	(16,707)	(16,707)
Total transactions with owners in their capacity as owners	**-**	**-**	**-**	**(16,707)**	**(16,707)**
Balance at 30 June 2021	**10,464**	**994**	**4,740**	**94,368**	**110,566**

Condensed Statement of Cash Flows
for the six-month period ended 30 June

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

	Notes	2022	2021 Restated (note 3)
Cash flows from operating activities			
Profit for the period		29,844	14,958
Depreciation and amortization		3,665	3,837
Unrealized net foreign exchange differences		2,741	720
Impairment of receivables		3,944	5,891
(Gain) / Loss from write-down of inventories		1,653	(86)
(Gain) from the sale of tangible assets		(4)	(10)
Income tax		9,766	2,676
Interest income		(4,439)	(3,516)
Interest expense		3,870	1,083
Operating profit before changes in working capital		**51,040**	**25,553**
Changes in working capital			
Increase in trade and other receivables	8	(485,841)	(372,346)
Increase in inventories	12	(171,419)	(31,973)
Increase in trade and other payables	10	421,991	310,408
Cash used in operations		**(184,229)**	**(68,358)**
Interest paid		(3,874)	(1,083)
Interest received		31	439
Income tax paid		(5,765)	(2,814)
Net cash used in operating activities		**(193,837)**	**(71,816)**
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets		(5,020)	(1,679)
Proceeds from sale of Property, plant and equipment		5	-
Receipts from finance lease receivable		658	642
Net cash used in investing activities		**(4,357)**	**(1,037)**
Cash flows from financing activities			
Proceeds from borrowings		209,187	83,144
Repayment of borrowings		-	(1,374)
Payments for the reduction of the lease liabilities		(3,181)	(3,587)
Factoring expenses paid		(5,280)	(5,424)
Dividend paid		(551)	(203)
Net cash from financing activities		**200,175**	**72,556**
Cash and cash equivalents at the beginning of the period		**447**	**682**
Increase/(decrease) in cash and cash equivalents		1,981	(297)
Cash and cash equivalents at the end of the period		**2,428**	**385**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section includes general information about the Company and its structure as well as material accounting policy information that relate to the financial statements as a whole.

1 GENERAL INFORMATION

Agricover Distribution SA ("the Company", formerly named Agricover SA) is a Romanian company established in the year 2000, specialised in the distribution of advanced technological solutions (i.e. crop protection products, crop nutrition products, seeds and fuel) to farmers. The Company's head-office is located at 1B Pipera Blvd, Voluntari, Ilfov.

All the Company's sales are made in Romania and all the clients are local.

2 BASIS OF PREPARATION

Compliance statement

These condensed interim financial statements as at and for the six-month period ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2021 ('last annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These interim financial statements were authorized for issue by the Company's board of directors on 19 August 2022.

Historical cost convention

These condensed interim financial statements have been prepared under the historical cost convention, except for land and buildings, which are carried at revalued amounts.

Consistent application of accounting policies

The accounting policies applied are consistent with those of the previous financial year. The preparation of interim financial statements in accordance with IAS 34 Interim Financial Reporting requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant to the interim financial statements, are disclosed in the relevant Notes to these condensed interim financial statements if significantly changed during the interim period as compared to the last annual financial statements.

Standards and amendments applicable for periods starting January 1st, 2022

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1st, 2022. These have been analysed by the Company and do not have a significant impact on the Company's condensed interim financial statements.

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards and interpretations.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to *IAS 16 Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to *IFRS 3 Business Combinations* to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and *Interpretation 21 Levies*. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

• *IFRS 9 Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

• *IFRS 16 Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

• *IFRS 1 First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

• *IAS 41 Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

New IFRS standards effective for annual periods beginning after January 1st, 2022, not early adopted by the Company

A number of amended to the standards are required to be applied for annual periods beginning after January 1st, 2022, and that are available for early adoption in periods beginning on January 1st, 2022.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The Company has not early adopted any of the forthcoming new or amended standards effective for annual periods beginning after January 1st, 2022, in preparing these condensed interim financial statements. These have been analysed by the Company and will not have a significant impact on the Company's financial statements when they will be implemented.

• Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

• Definition of Accounting Estimate – Amendments to IAS 8

The Board has now issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

• Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

Targeted amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

• IFRS 17 Insurance Contracts

Functional and presentation currency

These financial statements are presented in Romanian New Lei ("RON"), which is the functional currency of the Company. All amounts are presented in thousands RON and rounded to the nearest unit, unless otherwise stated.

Going concern

After consideration of the Company's liquidity, gearing level, budgeted cash flows and related assumptions, management believes that the Company has adequate resources to continue as a going concern for the foreseeable future and these financial statements are prepared on this basis.

Financial performance

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section provides information about the financial performance of the Company. The accounting policy information, significant judgements and estimates made in relation to particular items with significant impact on the financial performance are the ones disclosed in the Company's last annual financial statements.

3 REVENUE

The Company generates revenue mainly through distribution of advanced technological solutions (i.e. seeds, crop nutrition products, crop protection products and fuel) to farmers.

Disaggregation of revenue from contracts with customers by product type is presented below.

	30 June 2022	**30 June 2021 restated**
Revenue from goods sold		
Crop protection products	313,337	240,367
Fuel	281,984	166,443
Crop nutrition products	564,032	173,668
Seeds	157,973	107,621
	1,317,326	**688,099**
Other revenue	12,168	6,441
Total	**1,329,494**	**694,540**

Revenue from sales with normal delivery is recognised when control of goods sold has transferred to the buyer, being when the goods are delivered.

As part of 'bill and hold' arrangements, the Company concludes a custody contract with the buyer, who accepts legal ownership of the goods sold. The Company's management is satisfied that control of the goods sold is transferred to the farmer (and related revenue is recognized) when the warehouse certificates are issued, confirming separate storage and availability for delivery.

Value of inventories held by the Company on behalf of third parties as part of bill and hold arrangements were as follows:

	30 June 2022	**30 June 2021**
Crop protection products	55,858	22,638
Crop nutrition products	4,102	15,012
Seeds	-	490
	59,960	**38,140**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Comparatives for the six-month period ended 30 June 2021 (for condensed statement of profit and loss and other comprehensive income and condensed statement of cash flows), and the condensed statement of financial position as at 31 December 2021, include the following restatements, presented in the tables below:

A. Separate presentation, as ”Other revenue”, of the services provided together with the sale of goods. The correction also led to a decrease of RON 0.7 million in both „Cost of sales” and „Revenue”, representing revenue and costs related to the transportation services on open custody arrangements, which will be recognized upon delivery, when the transportation service is provided. This restatement was also presented in the Company’s last annual financial statements. As a result of this restatement the revenues from sale of goods were decreased by thousand RON 4,717, the ‘Other revenue’ caption had increased by thousand RON 5,404 and the ‘Cost of sales’ caption was decreased by thousand RON 687.

B. Presenting the commission paid by the Company to Agricover Credit IFN, in amount of thousand RON 1,816, for cross-sale transactions as a reduction of revenue, not as finance cost, as previously reported. This restatement was also presented in the Company’s last annual financial statements.

C. The Company adjusted the promised amount of consideration for the effects of the time value of money where the timing of payments agreed with the customers exceeds one year. In such instances the amount of revenue recognised differs from the amount of cash received or receivable from the customer because a portion of the consideration is or will be recorded as interest income. Interest income resulting from the financing component is presented separately from Revenue, as Finance income. Additionally, part of the trade receivables presented initially under the current assets caption were reclassified to non-current assets.

   The contract consideration was adjusted to reflect the significant financing component using a discount rate that reflects the rate that would be used in a separate financing transaction between the Company and its customers. This rate was determined by averaging interest rates offered by local banks to commercial companies for loans with similar characteristics (source: monthly reports issued by the National Bank of Romania) and interest rates offered by Agricover Credit IFN to its customers, in the month in which the sale is recognised. Management considers that the discount rate reflects the credit risk of the relevant receivables portfolio as this is related to a mix of customers that have financing agreements with Agricover Credit IFN and others that do not. After contract inception, the Company does not update the discount rate – interest income is recognised based on the effective interest rate method, using the original discount rate.

   As a result of this correction the caption ‘Revenue’ as at 30 June 2021 was decreased by thousand RON 3,937 and the ‘Finance income’ increased by thousand RON 3,076. The tax impact of this restatement resulted in a tax benefit (reduction of income tax expense) in amount of thousand RON 138. The impact of these restatements was also reflected in the condensed statement of cash flows as at 30 June 2021, as presented in the table below.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

As a result of this restatement, the condensed statement of financial position as at 31 December 2021 was restated as follows:

- An amount of thousand RON 1,512 was reclassified from current trade receivables to non-current trade receivables.
- 'Trade receivables' amounting thousand RON 6,153 previously reported as at 31 December 2021 were derecognized, which resulted in a decrease of 'Retained earnings' in the same amount (1 January 2021: decrease of thousand RON 3,929).
- 'Deferred income tax assets' were increased with RON 984, which resulted in an increase in 'Retained earnings' of the same amount (1 January 2021: increase of thousand RON 629).

The overall impact in Condensed Statement of Financial Position is presented below:

Balance sheet	31 Dec 2021 as previously reported	Total restatement	31 Dec 2021 restated
Current assets			
Trade receivables	454,740	(7,665)	447,075
Non-current assets			
Non-current trade receivables	-	1,512	1,512
Deferred tax asset	998	984	1,982
Total assets	**632,546**	**(5,169)**	**627,377**
Retained earnings	119,014	(5,169)	113,845
Total Equity and Liabilities	**632,546**	**(5,169)**	**627,377**

The overall impact in Condensed Statement of Profit and Loss and Other Comprehensive Income is presented below:

	30 June 2021 as previously reported	Total restatement	30 June 2021 restated
Gross profit	37,003	(5,753)	31,250
Operating Profit	25,584	(5,753)	19,831
Finance costs – net	(7,089)	4,892	(2,197)
Profit/(loss) before tax	18,495	(861)	17,634
Income tax expense	(2,814)	138	(2,676)
Profit/(loss) for the period	15,681	(723)	14,958

Notes to the Condensed Interim Financial Statements
Financial performance

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The overall impact in Condensed Statement of Cash flows is presented below:

Cash flow caption	30 Jun 2021 as previously reported	Total restatement	30 Jun 2021 restated
Cash flows from operation activities			
Profit for the period	15,681	(723)	14,958
Income tax	2,814	(138)	2,676
Interest income	(439)	(3,076)	(3,516)
Operating profit before changes in working capital	**29,490**	**(3,937)**	**25,553**
Changes in working capital			
(Increase) in trade and other receivables	(376,283)	3,937	(372,346)
Cash used in operations	**(68,358)**	**-**	**(68,358)**

		Restatements				
	30 June 2021 as previously reported	Transportation services	Storage services	Commission for cross-sales	Long term sales	**30 June 2021 restated**
		(A)	(A)	(B)	(C)	
Revenue from goods sold						
Crop protection products	247,545	(1,259)	(248)	(1,799)	(3,871)	240,368
Fuel	166,443	-	-	-	-	166,443
Crop nutrition products	176,328	(2,656)	(4)	-	-	173,668
Seeds	108,253	(535)	(15)	(17)	(66)	107,620
	698,569	**(4,450)**	**(267)**	**(1,816)**	**(3,937)**	**688,099**
Other revenue	1,037	5,137	267	-	-	6,441
Revenues	**699,606**	**687**	**-**	**(1,816)**	**(3,937)**	**694,540**
Cost of sales	(656,712)	(687)	-	-	-	(657,399)
Gross Profit	**37,003**	**-**	**-**	**(1,816)**	**(3,967)**	**(31,250)**
Operating Profit	**25,584**	-	-	**(1,816)**	**(3,967)**	**19,831**
Finance income	460	-	-	-	3,076	3,536
Finance costs	(7,549)	-	-	1,816	-	(5,733)
Net financial result	**(7,089)**	**-**	**-**	**1,816**	**3,076**	**(2,197)**
Income tax expense	(2,814)	-	-	-	138	(2,676)
Profit for the period	**15,681**	**-**	**-**	**-**	**(723)**	**14,958**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

4 FINANCE EXPENSES

Significant components of finance expenses as included in the profit or loss for six months period ending 30 June 2022 and 30 June 2021 are presented below:

	30 June 2022	30 June 2021
Interest Expense	(3,870)	(1,083)
Net FX losses	(3,276)	(1,036)
Factoring expense	(5,280)	(3,608)
Other finance expense	(17)	(6)
Finance Expense	**(12,443)**	**(5,733)**

5 BREAKDOWN OF EXPENSES BY NATURE

In the statement of profit or loss, the Company presents its expenses by function.

Expenses related to the acquisition and distribution process (e.g.: inbound and outbound transportation related expenses, salaries of the warehousing personnel, purchases, logistics and sales teams, rent of warehouses, third party storage cots, consumables, depreciation of warehousing equipment and of warehouse improvements etc.) are allocated to Cost of sales. Expenses incurred to support the functioning of the business, but which are not directly related to the distribution process (e.g. support functions including finance or human resources, headquarters rent etc.) are allocated to Administrative expenses. Headquarters rent is allocated between cost of sales and administrative expenses based on the area occupied by respective teams.

The table below presents the breakdown of expenses by their nature:

	30 June 2022	30 June 2021 restated
Merchandise	(1,221,992)	(629,975)
Transportation expenses	(11,690)	(5,971)
Employees' cost	(25,803)	(20,473)
Third party services	(6,275)	(2,538)
Software expenses	(927)	(576)
Maintenance expense	(2,185)	(1,912)
Consumables' expense	(1,882)	(1,451)
Protocol and publicity expenses	(2,265)	(725)
Depreciation	(3,665)	(3,837)
Other	(3,383)	(906)
Total, *of which*	**(1,280,067)**	**(668,364)**
Cost of sales	(1,264,769)	(657,399)
Administrative expenses	(15,298)	(10,965)

This section discusses the Company's exposure to various risks, explains how these risks are managed and shows how these could affect the Company's financial position and performance.

6 FINANCIAL RISKS MANAGEMENT

The Company's strategy for growth and development has the farmers and their needs at its core. The Company's aim is to support its clients in achieving their potential and, in the process, to support the Romanian agriculture in its important role in the European and global food chain. With this in mind, the Company has perfected a business model which follows the seasonality of the agricultural year. The Company negotiates with its clients payment terms that match their operating cycle.

In this context the trade receivables peak in June and are collected in the second part of the financial year (as main crops are harvested and sold). Trade receivables are financed through similar agreements with suppliers (trade payables are also peaking around this period) and, where not possible or more costly for the Company, through bank loans (which follow the same seasonality). Moreover, during 2022 bank loans were used to finance higher crop nutrition products inventories, strategic decision of the Company's management aimed to address the imbalances in the suppliers market.

This business model involves taking on and managing financial risks in a targeted manner. The core functions of the Company's risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine related capital allocations.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and with consideration of best market practice.

i. Credit risk

Credit risk is the risk of suffering financial loss should any of the Company's customers or market counterparties fail to fulfill their contractual obligations to the Company.

Credit risk arises mainly from trade receivables but can also arise from other receivables from sales of non-current assets or from cash equivalents. The Company's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the statement of financial position.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. Where relevant, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

On that basis, the loss allowance as at 30 June 2022 was determined as follows for trade receivables:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.17%	2.49%	10.96%	53.99%	27.27%	83.04%	100%	
Trade receivables	868,984	31,196	5,055	689	5,221	4,150	19,422	934,717
ECL	1,489	776	554	372	1,424	3,446	19,422	27,483

Restated comparative information as at 31 December 2021 is included below:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.26%	2.47%	9.85%	20.87%	63.37%	69.18%	100%	
Trade receivables	407,027	10,337	10,057	3,340	5,509	159	17,132	453,560
ECL	1,070	255	991	697	3,491	110	17,132	23,746

ii. Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and commodities prices.

The Company is exposed market risks arising from its open positions in interest rate and currency products. Quantitative and qualitative information about the Company's exposure to these risks as well as related risk management policies and practices withing the Company are discussed in this note.

ii.1. Commodities price risk

In its normal course of business, the Company is exposed to commodities price risk. As commodities (especially gas, energy and fuel) represent significant inputs in the manufacturing process of crop nutrition products and crop protection products, there is a high correlation between prices of most crop nutrition products and crop protection products, and commodity prices. The Company manages this risk by monitoring the global, regional and local market landscapes as well as its open position at any given time. The open position is managed within approved limits and monitored directly by the Company's CEO. Short positions are avoided as firm sale commitments never exceed the sum of available inventories and firm purchase commitments.

Commodity Markets Outlook report issued by World Bank in April 2022 highlights the increase of prices of agricultural products and crop nutrition products due to the increase of input costs (energy) and due to production and trade disruptions from Ukraine and Russia. The war in Ukraine has caused major supply disruptions and led to historically higher prices for several commodities. Agricultural price index and Crop nutrition products price index reached the highest value of all time. For most commodities, prices are expected to be significantly higher in 2022 than in 2021 and to remain high in the medium term. The war affected the wheat and corn production, generated increased freight costs, generated supply disruptions for crop nutrition products, as Russia and Belarus are major producers and exporters of crop nutrition products and their main input, natural gas.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The *World Bank's Agricultural Price Index* gained 11 percent in 2022 Q1. Following a projected increase of nearly 18 percent in 2022, agricultural prices are expected to fall by 8 percent in 2023 as some of the recent disruptions unwind but remain high by historical norms. The price projection includes the likelihood of further production or trade disruptions from Ukraine and Russia and the trend of input costs.

The *World Bank's Crop nutrition products Price Index* rose nearly 10 percent in the first quarter of 2022. The increase follows last year's 80 percent surge due to supply disruptions, soaring input costs, and trade restrictions in China and Russia. Crop nutrition products prices are projected to rise by almost 70 percent in 2022 before easing in 2023. The price projection includes supply disruptions in Russia and Belarus, higher input costs, and a prolonging of Chinese export restrictions.

In China, rising coal prices and power rationing forced crop nutrition producers to cut production and exports of Nitrogen (urea) in order to ensure domestic availability. Russia also banned temporarily exports of ammonia nitrate, a high nitrogen-rich crop nutrition product. Urea prices are projected to gain more than 75 percent in 2022, and ease in 2023 as new production capacities of nitrogen (urea) are developed in Brunei Darussalam, India, and Nigeria. The price will likely remain at historically high levels for as long as coal and natural gas prices remain elevated.

The Company's market position and financial stability allowed the Company to continue to serve its customers and build up stocks of both crop nutrition products and crop protection products in preparation for the 2022 autumn agricultural campaigns (refer to Note 12 for details on the Company's crop nutrition products and crop protection products inventory levels). As part of their risk mitigation strategies, a significant number of customers chose to secure their purchases by placing firm acquisition orders backed by prepayments.

ii.2. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro ("EUR") and US dollar ("USD"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

The Company's exposure to foreign currency risk at the end of the reporting period, showing the Company's monetary financial assets and financial liabilities, at their carrying amounts, by denomination currency, was as follows:

	30 June 2022		31 December 2021	
	EUR	**USD**	**EUR**	**USD**
Assets				
Cash and bank balances	59	8	43	23
Trade and other receivables	164	942	177	-
Total assets	**223**	**950**	**220**	**23**
Liabilities				
Borrowings	7,299	17,080	179	-
Trade and other payables	83,644	48,745	49,995	23,050
Total Liabilities	**90,943**	**65,825**	**50,174**	**23,050**
Net financial position	**(90,720)**	**(64,875)**	**(49,954)**	**(23,027)**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in EUR/USD exchange rates relative to the functional currency. The sensitivities are calculated by applying the changes in the exchange rates to the above net financial position.

	30 June 2022	**30 June 2021**
	EUR strengthening by 3%	*EUR strengthening by 1.6%*
Gain / (loss) before tax of:	(2,722)	(857)
Equity	(2,286)	(720)

	30 June 2022	**30 June 2021**
	USD weakening by 4%	*USD strengthening by 1.6%*
Gain / (loss) before tax of:	2,595	(418)
Equity	2,180	(351)

ii.3. Interest rate risk

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to attract floating rate borrowings, and all its borrowings as at 30 June 2022 are floating rate.

The Company's borrowings and receivables are carried at amortised cost.

The following table provides an analysis of the Company's interest rate risk exposure on financial assets and liabilities. The Company's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

As at 30 June 2022

Asset / liability class	**up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 2 years**	**Total**
Other non-current receivables	-	-	-	7,556	7,556
Trade and other receivables	251,104	217,586	415,858	47,727	932,275
Cash and cash equivalents	2,428	-	-	-	2,428
Total financial assets	**253,532**	**217,586**	**415,858**	**55,283**	**942,259**
Bank borrowings	52,638	75,701	123,893	-	252,232
Trade and other payables	239,980	198,544	427,936	-	866,460
Total financial liabilities	**292,618**	**274,245**	**551,829**	**-**	**1,118,692**
Interest repricing gap	**(39,086)**	**(56,659)**	**(135,971)**	**55,283**	**(176,433)**

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Restated comparative information as at 31 December 2021 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	Total
Other non-current receivables	-	-	-	7,424	7,424
Trade and other receivables	23,505	15,309	408,261	1,512	448,587
Cash and cash equivalents	447	-	-	-	447
Total financial assets	**23,952**	**15,309**	**408,261**	**8,936**	**456,458**
Bank borrowings	33,038	10,014	-	-	43,052
Trade and other payables	68,325	20,441	323,259	-	412,025
Total financial liabilities	**101,363**	**30,455**	**323,259**	**-**	**455,077**
Interest repricing gap	**(77,411)**	**(15,146)**	**85,002**	**8,936**	**1,380**

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in interest rates. The sensitivities are calculated by applying the changes in the floating rates to the floating rate financial liabilities outstanding at the reporting date.

	30 June 2022 Interest higher by 1%	**30 June 2021 Interest higher by 1%**
(Loss) before tax of:	(1,751)	(901)
Equity	(1,471)	(756)

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section includes information about the capital management practices within the Company.

7 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In recent years it has been the Company's practice to distribute around 60% of its net profit as dividends. In order to manage its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section provides information about the Company's financial assets and liabilities, including specific information about each type of financial instrument held as well as their fair values. Accounting policies for recognising and measuring financial instruments are the ones disclosed in the Company's last annual financial statements.

8 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Payment terms depend on type of goods acquired and financing options selected by the client (e.g. own funds, loans from other entities within the Agricover group or commercial credit).

Trade receivables with due date less than 1 year do not include a financing component and are recognised initially at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods.

Trade receivables with due date grater than 1 year include a financing component. The Company adjusted the promised amount of consideration receivable for the effects of the time value of money.

The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 6.i.

	30 June 2022	31 December 2021 Restated
Trade receivables	1,352,572	674,237
Expected commercial discounts	(417,855)	(220,677)
Trade receivables net of expected discounts	**934,717**	**453,560**
Less: allowance for trade receivables	(27,483)	(23,746)
Trade receivables – net	**907,234**	**429,814**
Receivables from related parties (note 13)	22,336	20,235
Other receivables	10,825	6,524
Total other receivables	**33,161**	**26,759**
Less: allowance for other receivables	(563)	(563)
Total other receivables	**32,598**	**26,196**
Total, *of which:*	**939,832**	**456,010**
Current portion	884,548	447,075
Non-current portion, *of which:*	55,283	8,936
Trade receivables	47,727	1,512
Receivables from related parties	4,770	4,687
Other receivables	2,786	2,737

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Receivables from related parties and other receivables classified as at 30 June 2022 and as at 31 December 2021 as non-current assets refer mainly to receivables from fixed assets sold with payment term above one year, with final maturity in 2024. The long-term receivables are guaranteed by pledges on the sold assets and in case of default on payments the Company would regain posesion of the respective assets.

9 BORROWINGS

	30 June 2022	31 December 2021
Current		
Local bank borrowings	252,232	43,052
Total current borrowings	**252,232**	**43,052**
Total borrowings	**252,232**	**43,052**

Bank borrowings

All bank borrowings bear floating interest rates and are secured by pledges on inventories and on current accounts opened at respective banks and by assignment of receivables.

10 TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
Trade payables	858,664	394,995
Expected discounts	(143,631)	(56,705)
Trade payables net of expected discounts	**715,033**	**338,290**
Payables to related parties (note 13)	95,900	45,142
Refund liability	12,904	10,459
Dividends	23,496	2,119
Salaries and related taxes	10,708	12,509
Fixed assets suppliers	163	371
Total other payables	**143,171**	**70,600**
Total	**858,204**	**408,890**
Other non financial liabilities		
Value added tax	7,948	2,781
Other current liabilities	308	354
	8,256	**3,135**
Total trade and other payables	**866,460**	**412,025**

Trade and other payables are unsecured and their carrying amounts are considered to be the same as their fair values, due to their short-term nature.

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Fair value of non-current receivables was estimated by considering average between the interest rate offered for farmers by the market and NBR interest rate for loans from 1 year up to 5 years, is classified in level 3 of the fair value hierarchy, and is presented below:

	30 June 2022	**31 December 2021 Restated**
Carrying value	55,283	8,936
Fair value	51,634	8,862

Fair value of financial liabilities

All Company’s borrowings bear floating interest rates and their carrying amount aproximates their respective fair values. Trade and other financial liabilities are short term, the discounting effect is insignificant hence their carrying amount aproximates their respective fair values.

Notes to the Condensed Interim Financial Statements
Non financial assets and liabilities

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section provides information about the Company's non-financial assets and liabilities, including specific information about Inventories.

12 INVENTORIES

	30 June 2022	31 December 2021
Seeds	14	2,425
Crop nutrition products	160,252	46,799
Crop protection products	126,629	68,392
Total carrying amount of goods purchased for resale	**286,895**	**117,616**
Packaging, spare parts and other consumables	904	417
Total	**287,799**	**118,033**

Increase in inventories of crop nutrition products and crop protection products is driven by the turmoil and shortages on these markets. In this context the Company decided to timely secure inventories needed to meet the local demand for the 2022 autumn campaign (refer to Note 6.ii.1 for further details around commodities price risk).

Notes to the Condensed Interim Financial Statements
Other information

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to the Company's financial performance, its risk management or to individual line items in the financial statements.

13 RELATED PARTIES TRANSACTIONS

Significant related party transactions of the Company were conducted on terms equivalent to those prevailing in an arm's length transaction. The Company discloses below its significant transactions, related income, expenses and balances in respect of each of the following categories of related parties:

Category	Definition	Impact on the consolidated financial statements
Parent	entity that controls the Company	the main shareholder of the Company is Agricover Holding SA.
Key management	persons having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries,	there are no significant transactions between the Company and key management. key management compensation is disclosed below in this note.
Other related parties	related parties that do not fall under any of the above categories, and are not subsidiaries, associates or joint ventures of the Company	significant transactions with other related parties are disclosed below in this note.

Ultimate controlling party

The ultimate beneficial owner of the Company is Mr. Kanani Jabbar, who owns 87,269% of the share capital of the Company's Parent (31 December 2021: 87,269%).

Key management compensation

During six-month period ended 30 June 2022 compensation granted to key management personnel amounts to thousand RON 2,227 (30 June 2021: thousand RON 2,312). It represents short term benefits, including monthly salaries, performace bonuses and share based payments. There are no other types of benefits or commitments granted by the Company to key management.

Share-based payments

Under the Share Option Plan ("the SOP") approved by shareholders at the 2022 annual general meeting, share options of the Parent are granted to senior managers (including executive directors) of the Company with more than 12 months' service at the approval date, at the discretion of the Board of Directors (no individual has a contractual right to participate in the plan or to receive any guaranteed benefits).

The SOP is designed to provide short-term and long-term incentives for senior managers to deliver long-term shareholder returns. It includes two components:

a) short-term component, with options that vest after twelve months depending on the participants' achievements with respect to their individually assigned KPIs (non-market performance condition), and
b) long-term component, with options that vest over a three-year period (graded vesting, one third of the total number of granted options vesting each year) depending on the Group's consolidated net profit (non-market performance condition).

Vesting under both components of the SOP is conditioned upon the participant remaining employed with the Company on such vesting date. The share options granted will not vest if the performance conditions are not met or if the participant leaves the Group before vesting date.

The fair value of the share options is estimated at the grant date by considering the Group's consolidated net profit (as reported in its most recent annual consolidated financial statements) and average market multiples as published by the Bucharest Stock Exchange and / or other third-party data providers. Such multiples include:

- P/E or PER – price-to-earnings ratio, which measures the share prices relative to the net profits of entities listed on the Bucharest Stock Exchanges, and
- M&A market premium – which measures the degree with which market multiples on private equity transactions (i.e. mergers and acquisitions of companies which are not listed on the Bucharest Stock Exchanges) are higher than market multiples of public companies.

The performance conditions are only considered in determining the number of instruments that will ultimately vest and have no impact on the value of the options granted. The shares had a fair value of:

- 0.751 RON/share as at the grant date, and
- 0.872 RON/share as at 30 June 2022.

Options are granted under the SOP for no consideration and carry no dividend or voting rights. The share options are exercisable at 0.1RON/share within five days after vesting. There are no cash settlement alternatives. However, the Group might accept, at the request of any participant, to repurchase all or part of the shares owned by the respective participant pursuant to the SOP. Any such repurchase will be operated at the estimated fair value of the shares as on the repurchase date and its cost might be recovered by the Parent from the Company through a recharge. The Company accounts for the SOP as an equity-settled plan.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made and is recognised in employee benefits expense, together with a corresponding increase in equity, over the period in which the service and the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The Company has established a share-based payments reserve used to recognise the grant date fair value of options issued to employees but not exercised. This reserve is transferred to retained earnings on the exercise or lapse of options. Recharges are recognized directly in equity (retained earnings) as transactions with owners in their capacity as owners.

Notes to the Condensed Interim Financial Statements
Other information

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Set out below are summaries of options granted under the plan:

	6 months ending 30 June 2022	2021
Beginning of period	**-**	**-**
Granted during the period	3,531,431	-
End of period	**3,531,431**	**-**

All options outstanding are unvested and have an exercise price of 0.1RON/share. Weighted average remaining contractual life of options outstanding is 1.43 years.

Transactions with related parties

The following transactions were carried out with related parties during six-month periods ended 30 June 2022 and 30 June 2021:

	30 June 2022	30 June 2021
Sales to other related parties:	**6,482**	**8,473**
Sale of property plant and equipment	-	9
Sale of goods	6,482	8,464
Rent revenue from other related parties	749	684
Other revenue	53	-
Acquisitions from other related parties:	**47,861**	**45,068**
Purchase of services	98	858
Purchase of goods	47,763	44,210
Financial expenses with other related parties	5,280	3,608

During 6 month period ending 30 June 2022 AGV Technology SA, wholly owned by the Company's Parent, acted as an agent for the Company in relation to IT licenses and other service acquisitions with a total cost of thousand RON 799 (30 June 2021: thousand RON 749).

Commissions paid by the Company to Agricover Credit IFN (wholly owned by the Company's Parent) for cross-sale transactions are deducted from Revenue and amount to thousand RON 2,360 up to 30 June 2022 (30 June 2021 : thousand RON 1,817).

(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	30 June 2022	31 December 2021
Receivables from other related parties:		
Trade and other receivables	25,187	20,848
Payables to related parties:		
Trade and other payables	95,900	47,261

14 EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period.