

Directors' Report

prepared in compliance with the Regulation no. 5/2018, Appendix 14, issued by the Financial Supervisory Authority,

on **Agricover Holding S.A.**'s condensed consolidated interim Financial Statements as at and for the six month period ended 30 June 2021 prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" (as adopted by the EU)

Date	23 August 2021
Issued by	Agricover Holding SA
Share Capital	216,396,808RON
Registered address	B-dul Pipera 1B, Cladirea de Birouri Cubic Center, etaj 6, Voluntari, Ilfov, Romania
CUI	36036986
Commerce Registry Code	J23/447/2018
Market	Bucharest Stock Exchange
Type of securities issued	Fixed rate bonds
Principal	50,000EUR
Securities issued	800
Coupon	3.5%, fixed
No of coupons	6
Issue date	3 rd of February 2021
Maturity date	3 rd of February 2026

Overview

Agricover Holding SA (“the Company”) and its subsidiaries (together referred as “the Group”) carry out activities in the agricultural, financial, and food processing sectors. The Company is the investment vehicle that owns the four entities of the Group, namely:

- Agricover SA, specialized in the distribution of agricultural technologies and inputs – seeds, pesticides, fertilisers or diesel.
- Agricover Credit IFN, non-banking financial institution specialized in financing farmers; currently with a portfolio of three main categories of products: capex, credit lines and factoring; all designed with the needs of the farmers in mind, having tailored maturities which are usually correlated with the harvesting and sale of crops seasons;
- Agricover Technology, software as a service aimed at providing farmers with access to the innovations within the industry through digital technologies, currently in the development stage,
- Abatorul Peris, specialized in pig slaughtering and pork processing, currently being held for distribution to owners and presented as discontinued in the condensed interim consolidated financial statements.

In a highly integrated business model, a significant part of the sales of Agricover SA is financed through loans granted by Agricover Credit IFN. Together with the resulting synergies, this represents a unique differentiating factor and competitive market advantage for each subsidiary in achieving its growth targets but also for the Group as a whole.

Key events during the six month period ended 30 June 2021

3rd of February

The Company issued a 40 million EUR fixed rate bond with 5 years maturity. The proceeds were used to finance the loans granting activity of the Agricover Credit IFN. The new bond increases the Group’s exposure to foreign exchange risk. To manage this exposure within the limits set by the Board of Directors, the Group concluded new derivative hedging contracts. For further details please refer to the condensed consolidated interim Financial Statements.

28th of April

Agricover SA distributed dividends of 0.16RON/share, amounting to a total of 16.7 million RON, of which 2.2 million RON to non-controlling interests. Part of the proceeds were used by the Group to fund its investments in technology through a 3 million RON share capital increase in Agricover Technology (decision taken by the board of directors of the Company on 2nd of July 2021).

Key events during the six month period ended 30 June 2021 (continued)

26th of May

With a view to improve efficiency of resources and better manage risks, the Group decided to spin-off its Agrifood segment represented by its subsidiary Abatorul Peris SA, which will be transferred to a new holding entity with the same shareholding structure as Agricover Holding. Among the main factors considered were:

- the agrifood business of Abatorul Peris (i.e. pork meat processing) is different when compared to the businesses of the rest of the Group (i.e. sale and financing of agricultural inputs), without reasonable possibilities of gaining significant synergies;
- different business to consumer model of Abatorul Peris as compared to the business to business model of the rest of Agricover Holding subsidiaries;
- risks inherent in the pork meat processing business are unique and unlike other risks faced by the other segments of the Group.

The demerger project was approved by the board of directors of Agricover Holding on 26th of May 2021 and then by the shareholders on 11th of August 2021.

Analysis of performance

Summarised condensed consolidated statement of financial position

	<u>30 June 2021</u>	<u>31 December 2020</u>
ASSETS		
Non-current assets		
Loans and advances to customers	598,050,402	500,021,262
Other non-current assets	55,683,136	126,516,974
Total non-current assets	653,733,538	626,538,236
Current assets		
Loans and advances to customers	1,393,952,010	1,150,620,071
Trade and other receivables	757,389,418	399,079,935
Other current assets	270,669,174	157,835,273
Total current assets	2,422,010,602	1,707,535,279
Total assets	<u>3,075,744,140</u>	<u>2,334,073,515</u>
EQUITY AND LIABILITIES		
Equity	532,901,627	499,247,770
Non-current liabilities	811,376,994	634,063,726
Current liabilities		
Trade and other payables	601,815,858	332,215,972
Contract liabilities	5,722,000	5,342,449
Other current liabilities	1,123,927,660	863,203,598
Total current liabilities	<u>1,731,465,518</u>	<u>1,200,762,019</u>
Total equity and liabilities	<u>3,075,744,139</u>	<u>2,334,073,516</u>

Analysis of performance (continued)

The Group's strategy for growth and development has the farmers and their needs at its core. Our aim is to support our 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 that in mind we have perfected a business model which follows the seasonality of the agricultural year. The Group's main subsidiaries (i.e. Agricover SA and Agricover Credit IFN), either separate or together, negotiate with our clients payment terms that match their operating cycle.

In this context our trade receivables and loans and advances to customers 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 our trade suppliers (reasons for which the trade payables are also peaking around this period) and, where not possible or more costly for the Group, through bank loans (which then follow the same seasonality). Bank loans and capital markets (see bond issued in 2021) are the main source of financing for the loans and advances to customers granted by Agricover Credit IFN. Finally, we note that during 2021 bank loans were used also to finance higher fertilisers inventories, tactical decision of the management aimed at taking advantages of the imbalances in the suppliers market.

Summarised condensed consolidated statement of profit or loss

	<u>6 months ended on 30 June 2021</u>	<u>6 months ended on 30 June 2020</u>
Trade revenue	698,871,108	550,473,922
Interest income	81,853,319	83,287,930
Cost of goods sold	(666,561,669)	(524,260,225)
Interest and similar expenses	(28,473,020)	(35,729,345)
Net fees and cost of risk	(3,871,080)	(15,621,808)
Gross profit	<u>81,818,658</u>	<u>58,150,474</u>
Net operating expenses	(27,552,490)	(21,399,844)
Operating profit	<u>54,266,168</u>	<u>36,750,630</u>
Net finance costs	(4,412,361)	(5,098,681)
Profit before tax	<u>49,853,807</u>	<u>31,651,949</u>
Income tax expense	(7,790,282)	(5,229,763)
Profit for the period from continuing operations	<u>42,063,525</u>	<u>26,422,186</u>
Profit/(Loss) for the period from discontinued operations, net of tax	<u>(5,452,150)</u>	<u>535,558</u>
Profit for the period	<u>36,611,375</u>	<u>26,957,744</u>
Earnings per share		
Basic and diluted earnings per share	0.016	0.012
Earnings per share from continuing operations	0.018	0.011

Analysis of performance (continued)

One of the strategic objectives of the Group is to consolidate its position as a leader in the agriculture technologies distribution market and, through its products and services, to have a significant positive contribution to the productivity of its customers. Among others, this is achieved through an increase in the number of customers (13% increase in Agricover SA customers in the six months period ended 30 June 2021 as compared to the six months period ended 30 June 2020) as well as through vertical growth (16% increase of the six months Agricover SA turnover with existing customers - i.e. those served during both 2020 and 2021). These factors led to a 27% growth in trade revenue for the six months period ended 30 June 2021 as compared to the same period of the previous year. The integrated business model of the Agricover Group, unique on the Romanian market, represents our most significant differentiator, allowing us to best meet the needs of our customers.

Basic and diluted earning per share for the six months period ended 30 June 2021 are higher by 30% as compared to the earning of share for the six months period ended 30 June 2020. During the analysed period there were no changes in the number of shares issued or in the shareholding structure of Agricover Holding. Moreover the Company does not have any dilutive instruments. The increase in EPS follows the positive trend of the Group's results.

Summarised condensed consolidated statement of cash flow

	<u>6 months ended</u> <u>on 30 June 2021</u>	<u>6 months ended</u> <u>on 30 June 2020</u>
Cash used in operating activities, before interest and taxes	(419,377,973)	(339,245,983)
Interest paid	(31,286,918)	(38,271,316)
Interest received	44,564,280	40,537,318
Income tax paid	(5,428,053)	(8,074,474)
Net cash flows used in operating activities	<u>(411,528,664)</u>	<u>(345,054,455)</u>
Cash used in investing activities	<u>(9,571,242)</u>	<u>(737,871)</u>
Cash obtained from financing activities	<u>390,216,920</u>	<u>303,234,281</u>

Cash used in operating activities are highly correlated with the above achievements in terms of higher turnover, operating profit and granted loans - all of which are cash intensive up to the end of the agricultural season.

Main investments are represented by the implementation of SAP 4Hana and the migration to the updated version of SAP starting January 2021. During the second half of 2021 Agricover Technology intends to launch an online platform with the aim of providing its customers, through digital technologies, with access to innovations within the industry. The platform will facilitate sale of software as a service to the Group's existing and new customers. It will also integrate self-care type modules where the farmer can manage its commercial and financing relationships with the Agricover SA and, respectively, Agricover Credit IFN segments of the Group.

Risk management

The business activities, both existing and planned, and the markets in which the Group is active exposes it to significant credit risk, operational and strategic risks. Other risk, with lower potential impact, are represented by foreign exchange risk and interest rate risk. A detailed description of risks and risk management activities of the Group can be found in the consolidated financial statements as at and for the year ended 31 December 2020 and in the accompanying annual report. Any updates to those risks or risk management activities are included in the interim condensed consolidated Financial Statements as at and for the six months period ended 30 June 2021.

According to the last risk assessment exercise, the main uncertainties which could impact the Group's performance remain:

- credit risk, related to loans and advances granted by Agricover Credit IFN but also to trade receivables of Agricover SA,
- reputational risk, which can impact the Group's ability to attract new clients or keep the existing ones,
- regulatory risk, both directly impacting the Group's activities but also any regulatory changes that might adversely impact our clients,
- climate change, impacting our clients' productivity,
- operational and cybersecurity risk,
- interest and FX risk, impacting the Group's fair value of assets or liabilities or its cash flows.

As part of the management of the liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents which can be readily used to meet liquidity requirements, at least 5% of the current liabilities Agricover Credit IFN.

In addition, in order to assure available resources for client lending, Agricover SA maintains sufficient unused borrowing lines with the lenders and holds unencumbered eligible assets for use as collateral, equivalent of the next three months of estimated financing needs.

During 2020, the regular course of business of the Group was challenged by unexpected evolution of SARS Cov-2 pandemic, as well as the drought conditions which affected several regions of Romania. While the draught did not impact the current period, the pandemic continued during the first quarter of 2021 and then gradually decreased in intensity once vaccination campaigns were operational.

Agricover SA implemented in 2020 all the necessary actions to secure the proper level of inventories in anticipation of the expected difficulties in transportation of goods in the first part of 2021, the Company's activity was not impacted from a logistics perspective. Moreover our clients also had a positive first part of the year, with plenty of rain and rising prices of grains on the local and international markets. This also reflected in the positive developments within Agricover Credit IFN, where all clients benefiting from moratoria during 2020 have settled their loans as due.

Risk management (continued)

From an operational perspective, we continued to improve our remote work capabilities while gradually returning to the office. Currently the Group operates a flexible hybrid working model with around 50% of the working time being remote. Given the effective infrastructure and processes constructed during the prior period, the non-recurrent costs incurred by the Group directly related to SARS Cov-2 during the six months period ended 30 June 2021 were not significant.

Outlook for 2021

During the second half of 2021 we expect to continue our upward trend in terms of results and market share, both in the distribution and financing segments of the Group's activity. Our expectations are supported also by the positive outlook of the Romanian economy and specifically of the local agricultural sector for 2021 together with our strong position on the market. Through new products and services planned to be launched by the Group in the second part of the year, we expect to attract new customers and increase the average turnover and / or exposure with existing customers. Finally, given the positive agricultural season (both increased productivities and increased prices of output) we expect to see a significant decrease in our cost of risk as our clients continue their recovery from the prior difficult year.

This Directors' Report has been approved for issue and signed on behalf of the Board of Directors on 23 August 2021.

Stefan Bucataru

Administrator

Digitally signed by
Stefan Doru Bucataru
Date: 2021.08.23 20:06:24

Liviu Dobre

General Manager

Digitally signed by
Liviu Dobre
Date: 2021.08.23 20:31:27

AGRICOVER HOLDING SA

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

30 June 2021



KPMG Audit SRL
Victoria Business Park
Bucuresti-Ploiesti Road, No. 69-71
Sector 1, Bucharest, 013685
P.O. Box 18-191
Romania
Tel: +40 (372) 377 800
Fax: +40 (372) 377 700
www.kpmg.ro

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders,
Agricover Holding SA

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agricover Holding SA ("the Company") as at 30 June 2021, the condensed consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six month period ended 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

For and on behalf of KPMG Audit S.R.L.:

AURA STEFANA GIURCANEANU

registered in the electronic public register of
financial auditors and audit firms under no
AF1517

Bucharest, 23 August 2021

KPMG Audit SRL

registered in the electronic public register of
financial auditors and audit firms under no
FA9

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: **GIURCANEANU AURA STEFANA**
Registrul Public Electronic: **AF1517**

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de audit: **KPMG AUDIT S.R.L.**
Registrul Public Electronic: **FA9**

AGRICOVER HOLDING SA

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2021

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in RON unless otherwise stated)

	<u>Notes</u>	<u>30 June 2021</u>	<u>31 December 2020*</u>
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,061,201	73,284,835
Right of use assets	15	15,902,875	21,995,269
Intangible assets	8	8,551,669	4,971,996
Investments in associates		1,757,799	1,802,799
Loans and advances to customers	4.1	598,050,402	500,021,262
Other non-current receivables	10	22,053,641	21,720,025
Deferred tax assets	22	<u>3,355,951</u>	<u>2,742,050</u>
Total non-current assets		653,733,538	626,538,236
Current assets			
Inventories	9	87,922,544	63,242,140
Loans and advances to customers	4.1	1,393,952,010	1,150,620,071
Trade and other receivables	10	757,389,418	399,079,935
Cash and cash equivalents	11	<u>63,664,579</u>	<u>94,593,132</u>
		2,302,928,552	1,707,535,279
Assets classified as held for distribution	12	119,082,050	-
Total current assets		2,422,010,602	1,707,535,279
Total assets		<u>3,075,744,140</u>	<u>2,334,073,515</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		216,396,808	216,396,808
Share premium		4,350,717	4,350,717
Revaluation reserves		12,542,503	12,542,503
Other reserves		51,043,050	51,043,050
Retained earnings		<u>231,500,172</u>	<u>198,381,498</u>
Equity attributable to owners of the Company		515,833,249	482,714,576
Non-controlling interests		<u>17,068,378</u>	<u>16,533,195</u>
Total equity		532,901,627	499,247,770
Non-current liabilities			
Borrowings	14	811,376,994	632,447,725
Deferred tax liability	22	-	<u>1,616,001</u>
Total non-current liabilities		811,376,994	634,063,726
Current liabilities			
Trade and other payables	16	601,815,858	332,215,972
Current tax liability	22	6,364,472	2,896,792
Other liabilities		159,772	272,942
Borrowings	14	1,021,151,155	860,033,864
Contract liabilities		5,722,000	5,342,449
Liabilities directly associated with assets held for distribution	12	<u>96,252,261</u>	-
Total current liabilities		1,731,465,518	1,200,762,019
Total liabilities		2,542,842,512	1,834,825,745
Total equity and liabilities		<u>3,075,744,139</u>	<u>2,334,073,516</u>

*refer to Note 14 for details on the reclassification of 165 million RON borrowings from non-current to current liabilities

These condensed consolidated interim financial statements have been approved for issue and signed on behalf of the Board of Directors on 23 August 2021.

Stefan Bucataru

Administrator
Digitally signed by
Stefan Doru Bucataru
Date: 2021.08.23 20:06:24

Liviu Dobre

General Manager

Digitally signed by
Liviu Dobre
Date: 2021.08.23 20:31:25

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

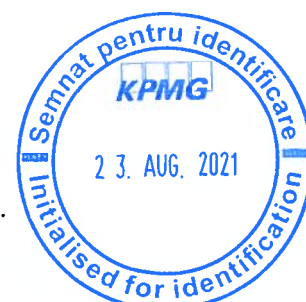
AGRICOVER HOLDING SA

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME**

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Trade revenue	17	698,871,108	550,473,922
Interest income	18	81,853,319	83,287,930
Fee and commission income		3,640,091	2,543,470
Cost of goods sold	19	(666,561,669)	(524,260,225)
Interest and similar expenses		(28,473,020)	(35,729,345)
Fee and commission expenses		(47,675)	(324,785)
Net impairment losses on financial assets		(7,463,496)	(17,840,492)
Gross profit		<u>81,818,658</u>	<u>58,150,474</u>
Administrative expenses	20	(23,591,457)	(20,437,045)
Research and development		(523,268)	
Other operating income		296,142	-
Other gains		304,800	267,531
Other operating expenses	21	(4,038,707)	(1,230,330)
Operating profit		<u>54,266,168</u>	<u>36,750,630</u>
Finance income		560,648	409,094
Finance costs		(4,973,009)	(5,507,776)
Profit before tax		<u>49,853,807</u>	<u>31,651,949</u>
Income tax expense	22	(7,790,282)	(5,229,763)
Profit for the period from continuing operations		<u>42,063,525</u>	<u>26,422,186</u>
Profit/(Loss) for the period from discontinued operations, net of tax	12	<u>(5,452,150)</u>	<u>535,558</u>
Total profit for the period		<u>36,611,375</u>	<u>26,957,744</u>
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		<u>36,611,375</u>	<u>26,957,744</u>
Total profit attributable to:			
Owners of the parent		33,871,558	25,289,979
Non-controlling interests		2,739,816	1,667,765
Total profit for the period		<u>36,611,375</u>	<u>26,957,744</u>
Total comprehensive income attributable to:			
Owners of the parent		33,871,558	25,289,979
Non-controlling interests		2,739,816	1,667,765
Total comprehensive income for the period		<u>36,611,375</u>	<u>26,957,744</u>
Earnings per share			
Basic and diluted earnings per share		0.016	0.012
Earnings per share from continuing operations		0.018	0.011

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.
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AGRICOVER HOLDING SA

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in RON unless otherwise stated)

	Notes	Attributable to the owners of the parent						Non- controlling interests	Total equity
		Share capital	Share Revaluation reserves	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2021		<u>216,396,808</u>	<u>12,542,503</u>	<u>4,350,717</u>	<u>51,043,050</u>	<u>198,381,498</u>	<u>16,533,195</u>	<u>499,247,771</u>	
Profit for the period		-	-	-	-	<u>33,871,558</u>	<u>2,739,816</u>	<u>36,611,375</u>	
Total comprehensive income for the period		-	-	-	-	<u>33,871,558</u>	<u>2,739,816</u>	<u>36,611,375</u>	
Dividends distribution	13	-	-	-	-	-	<u>(2,204,633)</u>	<u>(2,204,633)</u>	
Other changes in equity		-	-	-	-	<u>(752,885)</u>	-	<u>(752,885)</u>	
Total transactions with owners, recognised directly in equity		-	-	-	-	<u>(752,885)</u>	<u>(2,204,633)</u>	<u>(2,957,518)</u>	
Balance at 30 June 2021		<u>216,396,808</u>	<u>12,542,503</u>	<u>4,350,717</u>	<u>51,043,050</u>	<u>231,500,172</u>	<u>17,068,378</u>	<u>532,901,628</u>	



AGRICOVER HOLDING SA

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in RON unless otherwise stated)

	Attributable to the owners of the parent						Non- controlling interests	Total equity
	Share capital	Revaluation reserves	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2020	<u>216,396,808</u>	<u>23,345,741</u>	<u>4,350,717</u>	<u>47,490,998</u>	<u>140,584,272</u>	<u>432,168,536</u>	<u>15,985,532</u>	<u>448,154,068</u>
Profit for the period	-	-	-	-	25,289,979	25,289,979	1,667,765	26,957,744
Total comprehensive income for the period	-	-	-	-	25,289,979	25,289,979	1,667,765	26,957,744
Revaluation reserves realized	-	(10,803,239)	-	-	10,803,239	-	-	-
Dividends distribution	-	-	-	-	-	-	(3,201,949)	(3,201,949)
New shareholder in Clubul Fermierilor Romani Broker de Asigurare SRL	-	-	-	-	(144,000)	(144,000)	144,000	-
Total transactions with owners, recognised directly in equity	-	<u>(10,803,239)</u>	-	-	<u>10,659,239</u>	<u>(144,000)</u>	<u>(3,057,949)</u>	<u>(3,201,949)</u>
Balance at 30 June 2020	<u>216,396,808</u>	<u>12,542,502</u>	<u>4,350,717</u>	<u>47,490,998</u>	<u>176,533,490</u>	<u>457,314,515</u>	<u>14,595,348</u>	<u>471,909,863</u>



AGRICOVER HOLDING SA

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June
(All amounts in RON unless otherwise stated)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities			
Profit for the period from continuing operations		42,063,525	26,422,186
Profit/(loss) for the period from discontinued operations	12	(5,452,150)	535,558
Adjusted for:			
FX differences		1,213,104	2,011,596
Net (loss) from derivative financial instruments	21	3,311,756	980,606
Expected credit losses on receivables		5,362,058	7,152,131
Expected credit losses on loans to customers		1,572,153	13,075,886
Depreciation and amortization	7,8,15	9,180,573	9,519,668
Gain/loss from the sale of fixed assets		18,861	53,994
Write down of inventory	19	313,775	671,411
Change in provisions		(113,170)	(115,482)
Income tax	12,22	7,532,741	3,533,279
Interest income	18	(81,853,319)	(83,689,654)
Interest expense		33,423,172	38,511,136
Other non-monetary adjustments		-	(2,883,914)
Adjusted operating profit before changes in working capital		<u>16,573,079</u>	<u>15,778,401</u>
<i>Changes in working capital</i>			
(Increase) in trade and other receivables	10	(387,851,209)	(249,554,909)
(Increase) in loans to customers		(305,644,195)	(297,783,278)
(Increase) in the inventories	9	(38,231,774)	(8,501,148)
Increase in the trade and other payables	16	295,776,126	200,814,950
Cash generated from / (used in) operations		<u>(419,377,973)</u>	<u>(339,245,983)</u>
Interest paid		(31,286,918)	(38,271,316)
Interest received		44,564,280	40,537,318
Income tax paid		(5,428,053)	(8,074,474)
Net cash flows used in operating activities		<u>(411,528,664)</u>	<u>(345,054,455)</u>

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.
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AGRICOVER HOLDING SA

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months period ended 30 June
(All amounts in RON unless otherwise stated)

		<u>2021</u>	<u>2020</u>
Investing activities			
Payments for acquisitions of land and fixed assets	7,8	(9,606,370)	(7,503,634)
Proceeds from sale of land and fixed assets*		35,128	6,765,763
Net cash used in investing activities		<u>(9,571,242)</u>	<u>(737,871)</u>
Net cash from financing activities			
Proceeds from borrowings	14	955,495,878	1,051,842,052
Repayment of borrowings	14	(558,928,944)	(742,429,658)
Payments for lease liabilities	14	(6,147,528)	(6,178,113)
Dividends paid		<u>(202,485)</u>	-
Net cash generated from financing activities		<u>390,216,920</u>	<u>303,234,281</u>
Positive exchange rate fluctuation in cash and cash equivalents		627,770	884,420
Cash and cash equivalents at the beginning of the period	<u>11</u>	<u>94,593,132</u>	<u>84,604,520</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(30,255,217)</u>	<u>(41,673,622)</u>
Cash and cash equivalents at the end of the period	<u>11</u>	<u>64,337,916</u>	<u>42,930,897</u>
Out of which discontinued	<u>12</u>	<u>673,337</u>	=

(*) The amounts include received proceeds from sale of property, plant and equipments made during previous years (six month period ended 30 June 2021: nil; six month period ended 30 June 2020: RON 6,720,029)



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June
(All amounts in RON unless otherwise stated)

1 GENERAL INFORMATION

Agricover Holding SA (“the Company”) and its subsidiaries (together referred as “the Group”) are incorporated and are domiciled in Romania. The Company’s headquarter is located at 1B Pipera Blvd, Voluntari, Ilfov, Romania. These consolidated condensed interim financial statements comprise the Company and its material subsidiaries. The structure of the Group is as follows:

<u>Entity</u>	<u>Operating Segment</u>	<u>Activity</u>	<u>% owned</u>	<u>% owned</u>
			<u>@ 30 June</u>	<u>@ 31 December</u>
			<u>2021</u>	<u>2020</u>
Agricover SA	Agribusiness	Distribution of agriculture inputs	86.62	86.62
Agricover Credit IFN SA	Agrifinance	Financing businesses in agriculture	99.99	99.99
Clubul Fermierilor Romani Broker de Asigurare SRL	Agrifinance	Intermediation of insurance products	51.02	51.02
Agricover Technology SA	Agritech	Digitalisation of agricultural activity (software as service)	100	100
Abatorul Peris SA	Agrifood	Meat processing	98.06	98.06
Agroadvice	Other	Knowledge centre	50	50

Our business model

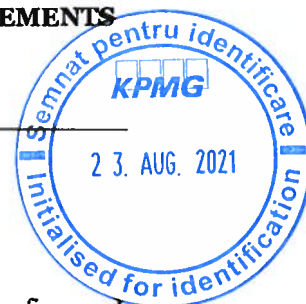
Agricover Group, through its subsidiaries, carries out activities in the agricultural, financial, and food processing sectors. The Company is the investment vehicle that owns the four entities of the Group, namely:

- Agricover SA, specialized in the distribution of agricultural technologies and inputs – seeds, pesticides, fertilisers or diesel.
- Agricover Credit IFN, non-banking financial institution specialized in financing farmers; currently with a portfolio of three main categories of products: capex, credit lines and factoring; all designed with the needs of the farmers in mind, having tailored maturities which are usually correlated with the harvesting and sale of crops seasons;
- Agricover Technology, software as a service aimed at providing farmers with access to the innovations within the industry through digital technologies, currently the development stage,
- Abatorul Peris, specialized in pig slaughtering and pork processing, currently being held for distribution to owners and presented as discontinued in these condensed interim consolidated financial statements.

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.



**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**



1 GENERAL INFORMATION (CONTINUED)

In a highly integrated business model, most of the sales of the Agribusiness segment are financed through loans granted by the Agrifinance segment of the Group. Together with the resulting synergies, this represents a unique differentiating factor and competitive market advantage for each subsidiary in achieving its growth targets but also for the Group as a whole.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Romanian New Lei ("RON"), which is the functional currency of the Company and all its subsidiaries. All amounts are rounded to the nearest RON, unless otherwise stated.

2 BASIS OF ACCOUNTING

These condensed consolidated interim financial statements for the six month period ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU, and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2020 ('last annual financial statements' or 'previous financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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

The preparation of financial statements in conformity with IAS 34 Interim Financial Reporting as adopted by EU requires the use of certain critical accounting estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 if significantly changed during the interim period as compared to the last annual financial statements.

These interim financial statements for the six month period ended 30 June 2021 were authorized for issue by the Company's Board of Directors on 23 August 2021. Neither the Company's shareholders, nor any other stakeholders have the power to amend the financial statements after their issuance.

The accounting policies applied are consistent with those of the previous financial year. A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

For the six month period ended 30 June
(All amounts in RON unless otherwise stated)

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. During the first half of 2021 the management made additional judgements around capitalisation of IT development costs – refer to Note 8 for details.

Estimates

Fair value of assets classified as held for distribution and related significant liabilities

As at the date of the classification to assets held for distribution and as at 30th of June 2021 the fair value of the net assets and of each individually significant asset or liability classified as held for distribution is approximated by their respective carrying amounts, as follows:

- property, plant and equipment – land and building (45 million RON at 31 December 2020 and 30 June 2021) are measured at revalued amount, which does not allow for the carrying amount at each reporting date to be significantly different from their fair value (last valuation was performed on 31 December 2019); vehicles and machinery are mostly additions during 2021 and 2020 (of 25 million RON total vehicles and machinery at 30 June 2021, 13 million RON are new additions during the last 18 months); remaining property plant and equipment is mainly represented by right of use asset and returnable packaging with a relatively short useful live (2 to 6 years average for buildings and machinery and 2 to 3 years for motor vehicles in case of right of use assets and 5 years for returnable packages) and no impairment indicators at 30 June 2021;
- intangible assets are new additions in 2020, with no impairment indicators;
- inventories are tested for impairment and any identified negative difference between cost and net realisable value is recognised immediately;
- trade and other payables are short term, discounting impact is not significant;
- trade and other receivables are short term and net of expected credit losses; and
- contracted loans are all floating rate.



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

3 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

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

The Group's risk management policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020.

The Group's strategy for growth and development has the farmers and their needs at its core. Our aim is to support our 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 that in mind we have perfected a business model which follows the seasonality of the agricultural year. The Group's main subsidiaries (i.e. Agribusiness and Agrifinance segments), either separate or together, negotiate with our clients payment terms that match their operating cycle.

In this context our trade receivables and loans and advances to customers 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 our trade suppliers (reasons for which the trade payables are also peaking around this period) and, where not possible or more costly for the Group, through bank loans (which then follow the same seasonality). Bank loans and capital markets (see bond issued in 2021) are the main source of financing for the loans and advances to customers granted within the Agrifinance sectors. Finally, we note that during 2021 bank loans were used to finance higher fertilisers inventories, tactical decision of the management aimed at taking advantages of the imbalances in the suppliers market.

1. CREDIT RISK

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



**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

Credit risk arises mainly from loans and advances and loan commitments arising from lending activities, trade receivables from agribusiness and agrifood segments and other receivables from sales of non-current assets, but can also arise from credit enhancement provided, such as financial guarantees as well as from other transactions with counterparties giving rise to financial assets. Credit risk is the single largest financial risk for the Group's business.

a) Measurement of credit risk related to loans and advances to customers (as granted by the Agrifinance segment of the Group)

Inputs, assumptions and techniques used for estimating expected credit losses on loans and advances as well as credit enhancements granted to the Group's agrifinance clients are presented below.

Definition of default

For the purpose of determining the risk of a default occurring, the Group applies a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers both quantitative and qualitative indicators as appropriate. The definition of default is applied consistently to all financial instruments.

An asset is marked as defaulted whenever one of the following circumstances occurs:

- the asset is more than 90 days past due, or
- the Group concludes that the borrower is unlikely to pay, considering:
 - Initiation of legal procedures against the borrower,
 - Decisions of the Collection Committee based on public information, information available within the Group but also from other entities within the Agricover Holding SA Group.
 - Repeated restructuring

Determining whether credit risk has increased significantly

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes information and analysis done based on the Group's historical experience and expert credit assessment and including forward-looking information. The Group concludes that there has been a significant increase in credit risk whenever one of the following circumstances occurs:

- the asset is more than 30 days past due,
- different triggers are signaled by the Credit Risk Committee, such as: payment incidents, significant increase in customer debt to other financial institutions, increase of indebtedness by 50% compared to the previous monitoring,
- the debtor exhibits significant financial degradation as based on the analysis of its financial reports, or
- first restructuring if no amounts are overdue by more than 30 days.



**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)
Segmentation

In order to assess the staging of exposures and to measure the expected credit losses (ECL) on a collective basis, it is necessary to group the exposures into risk drivers based on shared credit risk characteristics. The risk drivers applied by the Group refer to:

- Type of client (referring to: i) the surface of agriculture land worked by the client, i.e. above, respectively below 400 hectares; ii) clients that perform other agriculture activities than work of land)
- Type of product

Incorporation of forward-looking information

The Group incorporates forward-looking information into the measurement of ECL. External information considered includes economic data and forecasts published by National Commission for Strategy and Prognosis, forecast for 2021.

The Group has identified the macro-economic key drivers of credit risk using an analysis of historical default data and respective macro-economic variables. The forecast relationships have been developed based on analysing historical data over the past 5 years. For the forward-looking adjustment purposes, the contribution of the Agriculture sector in total gross domestic product was found to be highly correlated with the probabilities of default of the Company's exposures.

The incorporation of forward-looking information reflects the expectations of the Management and involves the creation of scenarios (base case, optimist and pessimist), including the assignment of probability weights for each scenario as presented below. Following application of the probability weight scenarios Management expectation is that the growth of the Agriculture sector gross domestic product for 2021 would be of 7.3%.

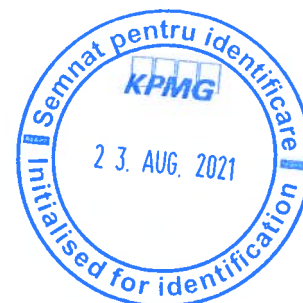
The following scenarios were used in the analysis:

June 2021

Indicator / Weights of scenarios	Base	Optimist	Pessimist
Gross domestic product of the Agriculture sector.	14% growth	15% growth	9% decline
Weights of scenarios	50%	20%	30%

December 2020

Indicator / Weights of scenarios	Base	Optimist	Pessimist
Gross domestic product of the Agriculture sector.	14% growth	26% growth	9% decline
Weights of scenarios	54%	11%	35%



**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

Sensitivity analysis

If the pessimist case scenario was assigned a probability of 100%, the allowance account would increase by 1.96 million RON as at 30 June 2021 (31 December 2020: 1.2 million).

Credit risk exposure are monitored on a monthly basis by the Risk Director of the Agrifinance division. This process has two main components:

- 1) Standard exposure monitoring, automatic process applied to all credit risk exposures. Risk indicators considered:
 - Insolvency (Insolvency Register): legal matters monitored: commercial and bankruptcy;
 - Public information (i.e. based on Central Credit Register ("CRC"));
 - Debts to the state budget that should not exceed to Company's exposure to the client.
- 2) Intensive monitoring process applied for clients with exposure over 2 million RON. Risk indicators considered in addition to standard monitoring:
 - Company status at the National Trade Register Office
 - Information from the Office of Payment Incidents for Romanian Companies
 - Significant increase in client debt to other financial institutions. Significance threshold: greater than 50%

The Group manages limits and controls the concentrations of credit risk both to individual counterparties and groups level of exposure. Such limits are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Actual exposures against limits are monitored monthly.

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The main collateral types for loans and advanced are:

- Mortgages over agricultural land (arable land);
- Other mortgages over residential and commercial, respectively agricultural properties.
- Pledge over business assets such as premises, inventories and accounts receivables.

The valuation methodologies for different types of collaterals is presented below:

- Mortgages: fair value of the collateral yearly appraised by a certified external independent appraisal;
- Pledge on equipment: based on fair value of the collateral at the origination, updated yearly with an internal depreciation rate.
- Pledge on stock: based on fair value of the collateral given and updated by the CARS Committee, and inspected monthly by a certified external independent expert
- Pledge on crops: based on fair value of the collateral given and updated by the CARS Committee;
- Assignment of receivables and other guarantees received, usually represents the value of the receivables.

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

Information about the fair value of the collateral used in credit losses allowance estimation at 30 June 2021 is as follows (fair value of the guarantee is limited to the exposure value):

Type of loan \ collateral	Capex	Credit lines	Factoring	Total
Loans collateralized by:				
- Mortgage	64,566,128	767,491,697		832,057,825
- Pledge on equipment	56,687,701	20,184,687		76,872,388
- Pledge on stock		310,064		310,064
Total collateral	121,253,829	787,986,449	-	909,240,278
Total gross loans and advances to customers	143,546,106	1,798,564,510	102,665,516	2,044,776,132

Information about the fair value of the collateral used in credit losses allowance estimation at 31 December 2020 is as follows (fair value of the guarantee is limited to the exposure value):

Type of loan \ collateral	Capex	Credit lines	Factoring	Total
Loans collateralized by:				
- Mortgage	66,956,233	693,352,676		760,308,909
- Pledge on equipment	42,840,556	26,322,127		69,162,683
- Pledge on stock		60,172,163		60,172,163
Total collateral	109,796,789	779,846,965	-	889,643,755
Total gross loans and advances to customers	118,187,872	1,527,358,639	56,494,651	1,702,041,162

Analysis of loans and advances to customers and related expected credit losses

The movements in the gross carrying amount ("GCA") of the Group's granted loans and advances to customers are analysed here:

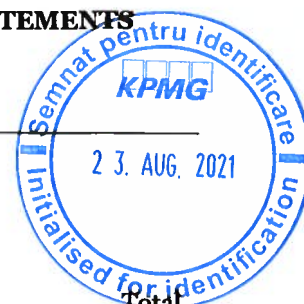
	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2021	1,503,174,379	141,783,973	57,082,809	1,702,041,161
New assets originated	430,231,120	-		430,231,120
Increase of existing assets	111,630,441	6,262,758	732,546	118,625,745
Assets derecognized or repaid (excluding write off)	(202,291,566)	(2,487,745)	(1,146,630)	(205,925,941)
Transfers from Stage 1	(16,370,680)	16,370,680	-	-
Transfers from Stage 2	-	(5,563,098)	5,563,098	-
Transfers from Stage 3	-	-	-	-
Amounts written off			(195,953)	(195,953)
GCA at 30 Jun 2021	1,826,373,694	156,366,568	62,035,870	2,044,776,132



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**



4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2020	1,470,981,574	47,264,189	23,750,940	1,541,996,703
New assets originated	1,490,452,203			1,490,452,203
Increase of existing assets	482,373,905		5,171,000	487,544,905
Assets derecognized or repaid (excluding write off)	(1,798,438,485)	(14,603,000)	(1,935,972)	(1,814,977,457)
Transfers from Stage 1	(142,194,818)	142,194,818		-
Transfers from Stage 2		(33,072,034)	33,072,034	-
Transfers from Stage 3				-
Amounts written off			(2,975,193)	(2,975,193)
GCA at 31 Dec 2020	1,503,174,379	141,783,973	57,082,809	1,702,041,161

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2020	1,470,981,574	47,264,189	23,750,940	1,541,996,703
New assets originated	220,202,364			220,202,364
Increase of existing assets	377,756,295	16,894,431		394,650,726
Assets derecognized or repaid (excluding write off)	(254,786,677)	(15,861,569)	(3,269,367)	(273,917,613)
Transfers from Stage 1	(85,880,927)	73,968,160	11,912,767	-
Transfers from Stage 2		(16,786,068)	16,786,068	-
Transfers from Stage 3				-
Amounts written off				-
GCA at 30 Jun 2020	1,728,272,629	105,479,143	49,180,408	1,882,932,180

The movements of the expected credit losses ("ECL") estimated by the Group in relation to its granted loans and advances to customers is provided here:

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2021	10,364,512	6,113,175	34,922,143	51,399,830
New assets originated	1,638,587	-	-	1,638,587
Increase of existing assets	900,841	218,963	74,000	1,193,804
Assets derecognized or repaid (excluding write off)	(862,456)	(76,000)	(324,094)	(1,262,550)
Transfers from Stage 1	(662,358)	662,358	-	-
Transfers from Stage 2	-	(1,605,430)	1,605,430	-
Transfers from Stage 3	-	-	-	-
Amounts written off			(195,953)	(195,953)
ECL at 30 Jun 2021	11,379,126	5,313,067	36,081,526	52,773,719

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2020	8,518,563	5,639,495	19,789,348	33,947,406
New assets originated	7,124,144			7,124,144
Increase of existing assets	6,000,648	9,322,072	1,179,962	16,502,682
Assets derecognized or repaid (excluding write off)	(1,973,209)	(399,988)	(826,012)	(3,199,209)
Transfers from Stage 1	(9,305,634)	5,968,380	3,337,254	-
Transfers from Stage 2		(14,416,784)	14,416,784	-
Transfers from Stage 3				-
Amounts written off			(2,975,193)	(2,975,193)
ECL at 31 Dec 2020	10,364,512	6,113,175	34,922,143	51,399,830
	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2020	8,518,563	5,639,495	19,789,348	33,947,406
New assets originated	7,124,144			7,124,144
Increase of existing assets	6,603,624	1,367,227	1,179,962	9,150,813
Assets derecognized or repaid (excluding write off)	(1,973,209)	(399,988)	(826,012)	(3,199,209)
Transfers from Stage 1	(9,305,634)	5,968,380	3,337,254	-
Transfers from Stage 2		(7,056,673)	7,056,673	-
Transfers from Stage 3	-	-	-	-
Amounts written off	-	-	-	-
ECL at 30 Jun 2020	10,967,488	5,518,441	30,537,225	47,023,154

The exposure to credit risk for loans and advances to customers by type of products, as at 30 June 2021 and 31 December 2020, are presented below:

30 June 2021	Capex <i>Collective</i>	Credit lines <i>Collective</i>	Factoring <i>Collective</i>	Total
Stage 1	131,023,822	1,598,322,793	98,622,743	1,827,969,358
Stage 2	7,595,341	107,919,373	3,577,884	119,092,598
Stage 3	1,747,510	40,487,024	464,888	42,699,423
	<i>Individual</i>	<i>Individual</i>	<i>Individual</i>	
Stage 2	1,980,699	35,482,529		37,463,229
Stage 3	883,571	16,667,953		17,551,524
Total exposure (GCA)	143,230,943	1,798,879,672	102,665,516	2,044,776,131



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

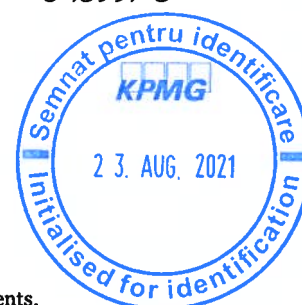
4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

31 December 2020	Capex	Credit lines	Factoring	Total
	<i>Collective</i>	<i>Collective</i>	<i>Collective</i>	
Stage 1	105,629,809	1,344,048,586	55,280,908	1,504,959,303
Stage 2	7,768,998	92,850,594	749,254	101,368,846
Stage 3	1,666,552	41,517,906	464,489	43,648,947
	<i>Individual</i>	<i>Individual</i>	<i>Individual</i>	
Stage 2	2,318,935	38,096,192	-	40,415,126
Stage 3	803,578	10,845,361	-	11,648,939
Total exposure (GCA)	118,187,872	1,527,358,639	56,494,651	1,702,041,162

The expected credit losses on loans and advances to customers by type of products, as at 30 June 2021 and 31 December 2020, are presented below:

30 June 2021	Capex	Credit lines	Factoring	Total
	<i>Collective</i>	<i>Collective</i>	<i>Collective</i>	
Stage 1	306,173	10,942,009	130,944	11,379,126
Stage 2	10,441	1,683,307	491	1,694,239
Stage 3	749,418	27,663,435	464,888	28,877,741
	<i>Individual</i>	<i>Individual</i>	<i>Individual</i>	
Stage 2	52,604	3,566,224	-	3,618,828
Stage 3	145,751	7,058,034	-	7,203,785
Total ECL	1,264,386	50,913,009	596,324	52,773,719

31 December 2020	Capex	Credit lines	Factoring	Total
	<i>Collective</i>	<i>Collective</i>	<i>Collective</i>	
Stage 1	252,644	9,963,847	148,022	10,364,512
Stage 2	14,296	1,238,603	391	1,253,290
Stage 3	793,092	28,537,376	464,489	29,794,957
	<i>Individual</i>	<i>Individual</i>	<i>Individual</i>	
Stage 2	144,611	4,715,274	-	4,859,885
Stage 3	133,616	4,993,570	-	5,127,186
Total ECL	1,338,260	49,448,669	612,902	51,399,831



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4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

Restructured loans and advances to customers

Restructuring activities include extended payment arrangements, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of local management, indicate that collection will most likely continue. These policies are kept under continuous review. Repeated restructuring is one of the Group's impairment indicators. As at 30 June 2021, the restructured net exposure was of RON 14,099 thousand (2020: RON 14,844 thousand).

An analysis of the restructures loans and advances to customers as at 30 June 2021 and 31 December 2020, per types of loans, are presented in the table below:

	30 Jun 2021 Capex	30 Jun 2021 Credit lines	31 Dec 2020 Capex	31 Dec 2020 Credit lines
<i>Collective</i>				
Stage 2	27,759	4,757,468	29,110	4,110,576
Stage 3	535,046	13,255,257	505,456	13,915,952
Collective expected credit losses	43,163	9,028,030	41,106	7,740,149
Total gross amount for collective loans and advanced to customers	562,805	18,012,725	534,565	18,026,527
<i>Individual</i>				
Stage2	-	833,386	-	1,945,568
Stage 3	479,049	9,521,042	382,853	6,829,949
Individual expected credit losses	93,606	6,144,257	76,571	4,976,716
Total gross amount for individual loans and advanced to customers	479,049	10,354,428	382,853	8,775,517
<i>Totals</i>				
Total expected credit losses	136,769	15,172,287	117,677	12,716,865
Total gross exposure	1,041,854	28,367,153	917,418	26,802,044
Total net exposure	905,085	13,194,866	799,741	14,085,179

Repossessed collateral

As at 30 June 2021, the Group has no asset (land or other) obtained by taking possession of collateral held as security (2020 nil) as a result of foreclosure procedures. Repossessed assets (generally represented by inventories – agricultural products) are sold as soon as practicable.



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(All amounts in RON unless otherwise stated)**

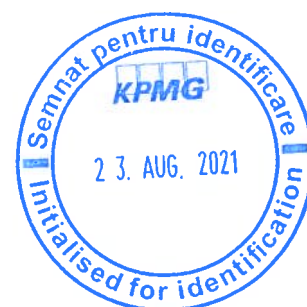
4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

b) Measurement of credit risk related to other financial assets of the Group

Other financial assets which potentially subject the Group to credit risk, consist mainly of cash equivalents, trade and other current and non-current receivables. Each subsidiary of the Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit standing. Analyses the credit risk for each new client are performed before standard payment and delivery terms and conditions are offered.

Significant exposures are analysed individually for the purpose of identification of any impairment indicators and / or of measuring the related expected credit losses. Such analyses are based on the age of the receivable balances, external evidence of the credit status of the counterparty and any disputed amounts. The credit risk on cash and cash equivalents is very small, since cash and cash equivalents are placed with financial institutions which are considered at time of deposit to have minimum risk of default.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:



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(All amounts in RON unless otherwise stated)**

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

	Not due	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days	Total
30 June 2021								
ECL rate (%)	0.215	2.187	8.432	8.602	15.796	79.415	100.000	
Trade receivables net of discounts	714,539,326	14,439,286	926,067	754,617	2,793,624	9,824,466	34,881,394	778,158,780
ECL	1,539,661	315,750	78,090	64,915	441,274	7,802,121	34,881,394	45,123,206
31 December 2020								
ECL rate (%)	0.18	1.69	8.50	11.31	21.77	37.30	97.95	
Trade receivables net of discounts	346,143,198	8,765,362	3,328,429	6,738,554	10,189,130	279,899	38,556,871	414,001,444
ECL	608,844	148,222	283,070	762,458	2,218,153	104,412	37,767,784	41,892,943

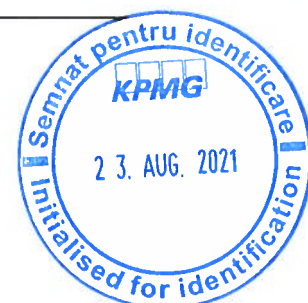
The increase in allowance for impairment of trade and other receivables as at 30 June 2021 compared to 31 December 2020 is due to forward looking analysis performed by management (as required by IFRS 9) and due to impairment losses that were recorded on customers that were individually evaluated due to the identification of an increase in the risk of collectability for those individual customers. Collectability for these customers was based on management's expectation that no amounts would ultimately be recoverable from these customers based on an evaluation of their current financial situation, except for execution of collaterals where applicable.

The ECL rate computation as at 31 December 2020 included historical information from 31 December 2020 as well as prior periods 31 December 2019 and 31 December 2018; whereas as at 30 June 2021, the prior periods used in the ECL rate computation were 30 June 2021, 31 December 2020 and 30 June 2020. The Company is using a segment approach when calculating ECL rates.

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.



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4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

c) Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The Group is exposed exclusively to the Romanian market.

(b) Industry sectors

The Group is active currently in agriculture and in the food industry, the latter through Abatorul Periş which is currently classified as held for distribution (refer to Note 12).

(c) Other risk concentrations

In case of loans and advances to customers, management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers with aggregated loan balances in excess of 10% of own funds of Agricover Credit IFN calculated based on regulatory rules (issued by the National Bank of Romania). The Group did not have any such significant risk concentrations at 30 June 2021 or 31 December 2020.

d) Maximum exposure to credit risk before collateral held or other credit enhancements

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position is as follows:

Financial Assets	30 June 2021	31 December 2020
Cash and bank balances	63,664,579	94,593,133
Loans and advances to customers	1,992,002,413	1,650,641,333
Trade and other receivables	767,943,285	414,272,563
Total financial assets	2,823,610,276	2,159,507,029

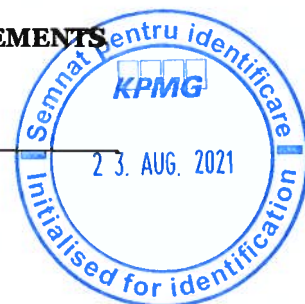
Agrifinance segment

The exposure reflected on the financial position represents the part drawn by the clients from the credit lines. At any given date, credit lines might include an undrawn part, always uncommitted. From this perspective, the Group's policy is to substantively and formally approve any withdrawals from. Such approvals are given following a detailed analysis of the applicant with a focus on developments subsequent to the initial approval of the credit limit.

In the process of expected credit losses estimation, the Group converts the amount of the undrawn part of the credit limit to an EAD using the credit conversion factor, calculated as the probability of drawing the undrawn portion in the next 12 months. The credit conversion factor estimated by the Group as of 30 June 2021 is 15%. Group's exposure to such products, together with the undrawn balances and their estimated EAD equivalent are detailed in the table below:

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

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4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

	30 June 2021	31 December 2020
Credit lines limit granted	1,112,150,721	1,029,413,241
Outstanding balance (drawn)	950,074,259	837,555,406
Undrawn balances	162,076,462	191,857,835
Credit Conversion factor	15%	15%
Undrawn balance after credit conversion factor	24,311,469	28,778,675
Provision for off balance sheet	159,771	157,458

2. MARKET RISK

The Group's interest bearing assets and income and operating cash flows are exposed to changes in market interest rates. The Group's interest rate risk arises from its bank borrowings and loans granted. Borrowings and loans issued at floating rate expose the Group to cash flow interest rate risk. The Group does not have bank borrowings or loans issued at fixed rates.

During 2021, the Group issued a 40 million EUR fixed rate bond with 5 years maturity. The proceeds were used to finance the loans granting activity of the Agrifinance division. The new bond increases the Group's exposure to foreign exchange risk. To manage this exposure within the limits set by the Board of Directors, the Group concluded new derivative hedging contracts.

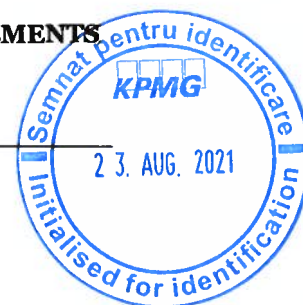
The tables below summarise the Group's exposure to foreign currency exchange rate risk at 30 June 2021 and 31 December 2020, showing the Group's monetary financial assets and financial liabilities, at their carrying amounts, by denomination currency.

30 June 2021	EUR	RON	USD	Total
<i>Assets</i>				
Cash and bank balances	1,812,587	61,851,992	-	63,664,579
Loans and advances to customers	90,493,686	1,901,508,726	-	1,992,002,412
Trade and other receivables	36,722	767,906,563	-	767,943,285
Total assets	92,342,995	2,731,267,281	-	2,823,610,276
<i>Liabilities</i>				
Borrowings	366,296,990	1,254,559,369	12,924,126	1,633,780,485
Issued bonds	198,747,664	-	-	198,747,664
Trade and other payables	42,008,564	524,601,299	13,192,017	579,801,880
Total Liabilities	607,053,218	1,779,160,668	26,116,143	2,412,330,029
Derivative financial instruments (notional)	259,513,923	(259,513,923)		
Net financial position	(255,196,300)	692,592,690	(26,116,143)	411,280,248

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT(Continued)

31 December 2020	EUR	RON	USD	Total
<i>Assets</i>				
Cash and bank balances	5,060,298	89,532,835	-	94,593,133
Loans and advances to customers	48,933,070	1,601,708,261	-	1,650,641,331
Trade and other receivables	247,565	414,024,999	-	414,272,564
Total assets	54,240,933	2,105,266,095	-	2,159,507,028
<i>Liabilities</i>				
Borrowings	200,347,368	1,292,134,221	-	1,492,481,589
Issued bonds	24,827,686	279,868,270	8,018,122	312,714,078
Trade and other payables	225,175,056	1,572,002,491	8,018,122	1,805,195,669
Total Liabilities	200,347,368	1,292,134,221	-	1,492,481,589
Derivative financial instruments (notional)	94,709,830	(94,709,830)		
Net financial position	(76,224,293)	438,553,774	(8,018,122)	354,311,359

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in EUR 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. Sensitivities to other currencies are not significant.

	2021 EUR strengthening by 1.6%	2020 EUR strengthening by 2.5%
<i>Gain / (loss) before tax of:</i>	(4,083,141)	(1,905,607)

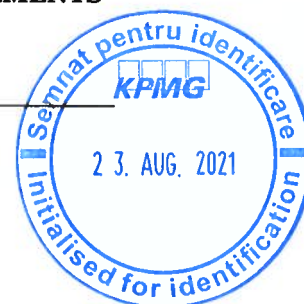
3. LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, as cash from contractual commitments are withdrawn, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for client lending and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfill lending commitments.

In managing the liquidity risk, the Group observes the Current Ratio (i.e. the ratio of current assets to current liabilities of the Group) which shall not be less than 100%.

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

For the six month period ended 30 June
(All amounts in RON unless otherwise stated)



4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT(Continued)

Liquidity risk management process in Agrifinance segment

The liquidity management process, as carried out within the Agrifinance division, includes:

- Funding managed by monitoring future cash flows to ensure that requirements can be met.
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

As part of the management of the liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents which can be readily used to meet liquidity requirements, at least 5% of the current liabilities within the Agrifinance division.

In addition, in order to assure available resources for client lending, the Agrifinance segment maintains sufficient unused borrowing lines with the lenders and holds unencumbered eligible assets for use as collateral, equivalent of the next three months of loan production. Such available liquidity reserves as at 30th of June 2021 are presented in the table below:

	30 June 2021	31 December 2020
Cash and balances	63,107,056	87,236,628
Undrawn borrowings	400,113,466	539,344,015
Total available resources	463,220,522	626,580,643
Unencumbered assets eligible as collaterals	826,871,927	428,388,900

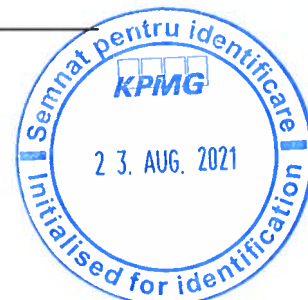
Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and next three month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Liquidity risk management process in Agribusiness segment

The management of the Agribusiness division monitors monthly rolling forecasts of cash flows for a period of up to twelve months. The Group has the following undrawn borrowing facilities in order to meet the liquidity needs of the Agribusiness division:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Floating rate:		
expiring within one year	97,626,575	168,857,393
expiring after one year	<u>5,117,623</u>	<u>15,000,000</u>
	102,744,198	183,857,393

For the six month period ended 30 June
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4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT(Continued)

4 Fair value of financial assets and liabilities:

(a) *Financial instruments measured at fair value, fair value hierarchy*

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 Group'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).

The level in the fair value hierarchy into which the recurring fair value measurements are categorized is presented in the table below. Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

	30 June 2021		31 December 2020	
	Level 2	Total	Level 2	Total
<i>Financial liabilities at fair value:</i>				
Derivatives	582,229	582,229	1,368,452	1,368,452

As at 30 June 2021 the Group had FX Forward contracts outstanding with a total negative fair value of RON 582,229 (2020: 1,368,452 RON), all within the Agrifinance segment. The fair value was estimated based on discounted cash flows model, using directly observable inputs (i.e.: market FX and interest rates). As such, the fair value of the derivative is classified as Level 2 in the fair value hierarchy.

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardized contractual terms and conditions. Derivatives have potentially favorable (assets) or unfavorable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The Group does not take trading or speculative positions when entering into derivative transactions. All such transactions are initiated for risk management purposes.

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4 FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)

- (b) *Financial instruments not measured at fair value but for which fair value is disclosed*

All financial assets and liabilities presented on the Group's statement of financial position (except derivative financial instruments measured at fair value) have their fair value approximately equal to the carrying amount as most of the loans and advances to customers bear variable interest rates with short re-pricing periods.

5 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments and one discontinued segment, as follows:

- Agrifinance - financing agricultural businesses and intermediation of insurance products mainly carried out by Agricover Credit IFN SA and its subsidiary Agricover Broker de Asigurare SA
- Agribusiness - distribution of agriculture inputs carried out by Agricover SA;
- Discontinued segments – represented by the Agrifood segment, slaughterhouse and meat processing carried out by Abatorul Peris SA;



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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5 SEGMENT INFORMATION (continued)

	6 month period ended 30 June 2021	Agrifinance	Agribusiness	Total Reportable Segments	Reconciling items and eliminations	Consolidated	Discontinued
Trade revenue	-	699,606,020	-	699,606,020	(734,912)	698,871,108	146,070,823
Interest income	87,961,967	-	-	87,961,967	(6,108,649)	81,853,319	-
Fee and commission income	3,640,091	-	-	3,640,091	-	3,640,091	-
Cost of goods sold	(9,850,103)	(656,711,566)	-	(666,561,669)	-	(666,561,669)	(142,239,749)
Interest and similar expenses	(31,247,281)	-	-	(31,247,281)	2,774,261	(28,473,020)	-
Fee and commission expenses	(47,675)	-	-	(47,675)	-	(47,675)	-
Impairment loss	(1,572,153)	(5,891,343)	-	(7,463,496)	-	(7,463,496)	529,285
Gross profit	48,884,847	37,003,111	37,003,111	85,887,958	(4,069,299)	81,818,658	4,360,359
Administrative expenses	(12,546,944)	(10,964,639)	-	(23,511,582)	(79,874)	(23,591,457)	(8,566,079)
Research and development	-	-	-	-	(523,268)	(523,268)	-
Other income	296,136	-	-	296,136	6	296,142	55,372
Other gains	-	304,800	-	304,800	-	304,800	-
Other losses	(3,279,382)	(759,323)	-	(4,038,705)	(2)	(4,038,707)	(382,106)
Operating Profit	33,354,656	25,583,949	25,583,949	58,938,605	(4,672,438)	54,266,168	(4,532,454)
Finance costs – net	80,935	(7,089,328)	-	(7,008,393)	2,596,032	(4,412,361)	(1,177,237)
Profit/(loss) before tax	33,435,591	18,494,621	-	51,930,212	(2,076,406)	49,853,807	(5,709,691)
Income tax expense	(4,976,685)	(2,813,597)	-	(7,790,282)	-	(7,790,282)	257,541
Profit/(loss) for the year	28,458,906	15,681,024	15,681,024	44,139,930	(2,076,406)	42,063,525	(5,452,150)



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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5 SEGMENT INFORMATION (continued)

6 month period ended 30 June 2020	Agrifinance	Agribusiness	Total Reportable Segments	Reconciling items and eliminations	Consolidated	Discontinued
Trade revenue	-	550,582,433	550,582,433	(108,511)	550,473,922	178,895,463
Interest income	90,052,094	-	90,052,094	(6,764,164)	83,287,930	-
Fee and commission income	2,508,570	-	2,508,570	34,900	2,543,470	-
Cost of goods sold	(7,384,439)	(516,875,786)	(524,260,225)	-	(524,260,225)	(174,591,490)
Interest and similar expenses	(35,729,345)	-	(35,729,345)	-	(35,729,345)	-
Fee and commission expenses	(324,785)	-	(324,785)	-	(324,785)	-
Impairment loss	(13,075,886)	(4,764,606)	(17,840,492)	-	(17,840,492)	(2,451,836)
Gross profit	36,046,209	28,942,040	64,988,249	(6,837,775)	58,150,474	1,852,137
Administrative expenses	(10,357,500)	(9,640,507)	(19,998,007)	(439,038)	(20,437,045)	(5,647,308)
Other income	-	-	-	-	-	1,005,566
Other gains	-	267,531	267,531	-	267,531	26,195
Other losses	(943,195)	(56,223)	(999,417)	(230,913)	(1,230,330)	(251,413)
Net gains from FV adjustments	-	-	-	-	-	2,883,914
Operating Profit	24,745,515	19,512,842	44,258,356	(7,507,726)	36,750,630	(130,909)
Finance costs – net	(1,784,693)	(6,986,743)	(8,771,436)	3,672,755	(5,098,682)	(1,030,017)
Profit/(loss) before tax	22,960,822	12,526,098	35,486,920	(3,834,971)	31,651,949	(1,160,925)
Income tax expense	(3,321,346)	(1,908,417)	(5,229,763)	-	(5,229,763)	1,696,484
Profit/(loss) for the year	19,639,476	10,617,681	30,257,157	(3,834,971)	26,422,186	535,558



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.
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5	30.06.2021	Agrifinance	Agribusiness	Total Reportable Segments	Reconciling items and eliminations	Consolidated	Discontinued Segments
	Non-current assets	609,021,665	37,709,961	646,731,626	7,001,911	653,733,538	
	Total current assets	1,457,385,938	842,302,684	2,299,688,622	3,239,930	2,302,928,552	119,082,050
	Assets classified as held for distribution	-	-	-	-	-	
	Total assets	2,066,407,603	880,012,645	2,946,420,248	10,241,841	2,956,662,090	119,082,050
	Total non-current liabilities	806,429,546	4,722,938	811,152,484	224,510	811,376,994	
	Current liabilities	889,447,642	760,701,720	1,650,149,362	(14,936,104)	1,634,647,503	96,252,261
	Income tax liability	3,102,345	3,262,127	6,364,472	-	6,364,472	
	Trade and other payables	8,871,306	607,880,657	616,751,963	(14,936,104)	601,815,858	
	Contract liabilities	-	5,722,000	5,722,000	-	5,722,000	
	Borrowings	877,314,219	143,836,936	1,021,151,155	-	1,021,151,155	
	Other current liabilities	159,772	-	159,772	-	159,772	
	Liabilities directly associated with the assets held for distribution	-	-	-	(565,754)	-	96,252,261
	Total liabilities	1,695,877,188	765,424,658	2,461,301,846	(14,711,594)	2,446,024,497	96,252,261



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

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**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

5 SEGMENT INFORMATION (continued)

31 December 2020	Agrifinance	Agribusiness	Agrifood	Total Reportable Segments	All other segments	Consolidated
Non-current assets	509,449,802	36,156,617	76,507,168	622,113,587	4,424,648	626,538,235
Total current assets	1,234,418,073	441,767,930	21,567,047	1,697,753,050	9,782,230	1,707,535,279
Total assets	1,743,867,875	477,924,547	98,074,215	2,319,866,637	14,206,877	2,334,073,514
Total non-current liabilities	601,198,269	5,743,985	27,178,990	634,121,244	(57,518)	634,063,726
Current liabilities	800,598,096	356,566,480	43,179,043	1,200,343,619	418,401	1,200,762,021
Income tax liability	710,336	2,186,456	-	2,896,792	-	2,896,792
Trade and other payables	11,835,948	286,767,129	32,272,045	330,875,122	1,340,851	332,215,974
Contract liabilities	-	5,342,449	-	5,342,449	-	5,342,449
Current portion of long-term borrowings	787,894,352	62,270,446	10,791,518	860,956,316	(922,452)	860,033,864
Other current liabilities	157,460	-	115,482	272,942	-	272,942
Total liabilities	1,401,796,365	362,310,465	70,358,033	1,834,464,863	360,883	1,834,825,747



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

6 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are: a) to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, b) to maintain a strong capital base, at an optimal cost of capital, to support the development of its businesses, and c) to comply with capital requirements imposed by regulators or other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Compliance with covenants

The Group's subsidiaries have to maintain certain conditions, related to their capital, which are imposed by contracts concluded with financing counterparties.

Under the terms of the major borrowing facilities for the Agrifinance division, the Group is required to comply with financial covenants such as: capital adequacy ratios, non-performing loans ratios, economic group exposure/ large exposure ratios, related party exposure ratios, currency risk ratios, while in case of borrowing facilities obtained for the Agribusiness division, financial covenants followed by banks are the short term borrowing ratio, current ratio, gearing ratio, interest coverage ratio, the solvency ratio and debt ratio. Such covenants are calculated based on the IFRS (as adopted by EU) standalone financial statements of the subsidiaries or their statutory financial statements, as applicable. Certain covenants related to the Agrifinance segment are computed both at year end and as at 30 June 2021 while covenants in the Agribusiness segment are computed annually.

Under the terms of the bond issued, the Group is required to comply with the following financial covenants: financial leverage of the Group, non-performing loans ratio and own funds ratio of the Agrifinance division and interest coverage ratio and gearing ratio for the Agribusiness division. All bond imposed financial covenants are monitored yearly, on 31st of December of each year.

The Group as a whole and its subsidiaries individually did not default on any of their financial covenants or other contractual obligations during the period or during 2020.



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June
(All amounts in RON unless otherwise stated)

7	PROPERTY, PLANT AND EQUIPMENT	<u>Land and buildings</u>	<u>Vehicles and machinery</u>	<u>Furniture, fittings and equipment</u>	<u>Returnable packaging</u>	<u>Construction in progress</u>	<u>Total</u>
	Gross book value	49,595,298	30,602,077	4,310,327	3,744,146	423,059	88,674,907
	Accumulated depreciation	(3,756,362)	(8,958,386)	(1,472,098)	(1,199,587)	(3,639)	(15,390,072)
	Net book value at 1 January 2021	45,838,936	21,643,691	2,838,229	2,544,559	419,420	73,284,835
	Additions	288,651	86,975	106,747	-	-	482,373
	Disposals	-	(12,004)	-	-	(14,675)	(26,679)
	Depreciation charge	(229,567)	(129,177)	(107,880)	-	-	(466,623)
	Transfer to assets held for distribution	-	14,933	-	-	-	14,933
	- Gross book value	(45,984,705)	(24,458,604)	(862,769)	(3,744,146)	(402,028)	(75,452,252)
	- Accumulated depreciation	1,342,588	3,488,225	194,215	1,199,587	-	6,224,615
	Net book value at 30 June 2021	1,255,903	634,039	2,168,542	-	2,717	4,061,201
	Gross book value	3,899,244	6,218,444	3,554,305	-	6,356	13,678,349
	Accumulated depreciation	(2,643,341)	(5,584,405)	(1,385,763)	-	(3,639)	(9,617,147)
	Net book value at 30 June 2021	1,255,903	634,039	2,168,542	-	2,717	4,061,201



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June
(All amounts in RON unless otherwise stated)

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Returnable packaging	Construction in progress	Total
Gross book value	37,166,278	18,379,860	4,138,927	-	6,112,052	65,797,117
Accumulated depreciation	(1,479,236)	(2,231,540)	(1,767,565)	-	-	(5,478,341)
Net book value at 1 January 2020	35,687,042	16,148,320	2,371,362	-	6,112,052	60,318,776
Additions	96,297	4,729,191	169,830	491,854	2,528,345	8,015,516
Disposals	(105,836)	(204,811)	-	-	-	(310,647)
Transfers	34,668	-	-	3,052,470*	(34,668)	3,052,470
Depreciation charge	(812,485)	(1,143,247)	(275,502)	(886,047)	-	(3,117,281)
Accumulated depreciation related to disposals	6,840	180,452	-	26,154	-	213,446
Transfer to assets held for sale	-	-	-	-	-	-
- Gross book value	(63,066)	-	-	-	-	(63,066)
Net book value at 30 June 2020	34,843,459	19,709,904	2,265,690	2,684,431	8,605,729	68,109,213
Gross book value	37,128,341	22,904,240	4,308,757	3,544,324	8,605,729	76,491,390
Accumulated depreciation	(2,284,882)	(3,194,336)	(2,043,067)	(859,893)	-	(8,382,178)
Net book value at 30 June 2020	34,843,459	19,709,904	2,265,690	2,684,431	8,605,729	68,109,213

*RON 3,052,470 represents the transfer of returnable packaging to property, plant and equipment, previously presented as Inventories.

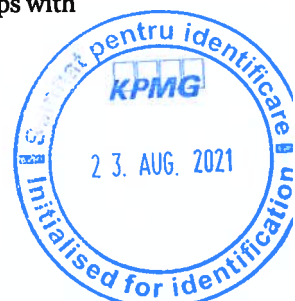


The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the six month period ended 30 June
(All amounts in RON unless otherwise stated)****8 INTANGIBLE ASSETS**

	<u>Trademarks and licences</u>
Gross book amount	12,576,575
Accumulated amortization	<u>(10,184,669)</u>
Net book value at 1 January 2020	<u>2,391,907</u>
Additions	1,400,278
Disposals at cost	(7,502)
Accumulated Amortization of Disposals	4,975
Amortization charge	<u>(791,408)</u>
Net book value at 30 June 2020	<u>2,998,250</u>
Gross book amount	13,969,352
Accumulated amortization	<u>(10,971,102)</u>
Net book value at 30 June 2020	<u>2,998,250</u>
Gross book amount	16,378,902
Accumulated amortization	<u>(11,406,907)</u>
Net book value at 1 January 2021	<u>4,971,995</u>
Additions	4,961,072
Transfer to assets held for distribution- cost	(1,755,457)
Transfer to assets held for distribution -Accumulated Depreciation	873,494
Amortization charge	<u>(499,436)</u>
Net book value at 30 June 2021	<u>8,551,668</u>
Gross book amount	19,584,517
Accumulated amortization	<u>(11,032,849)</u>
Net book value at 30 June 2021	<u>8,551,668</u>

Main additions of licenses are represented by the implementation of SAP 4Hana and the migration to the updated version of SAP starting January 2021. During the second half of 2021 the Agritech segment of the Group intends to launch an online platform with the aim of providing its customers, through digital technologies, with access to innovations within the industry. The platform will facilitate sale of software as a service to the Group's existing and new customers. It will also integrate self-care type modules where the farmer can manage its commercial and financing relationships with the Agribusiness and, respectively, Agrifinance segments of the Group.



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
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8 INTANGIBLE ASSETS (Continued)

In accordance with IAS 38, the Group has capitalised development costs and has expensed all other related costs when incurred. The development phase started in March 2021, when mostly all significant characteristics of the platform were clarified based on prior market research and interviews with relevant farmers and other stakeholders. However, all significant types of costs are reviewed and capitalised only to the extent that they are specifically related to the design or development of the platform. Costs with licences of tools and systems used as part of the platform development are capitalised during the development phase and will be expensed thereafter, if the case. The total value of costs capitalised as of 30 June 2021 is of 2.4 million RON.

9 INVENTORIES

	<u>30 June 2021</u>	<u>31 December 2020</u>
Inventories at third parties	21,248,836	15,549,210
Goods purchased for resale	53,291,188	42,972,997
Raw materials	-	88,365
Finished goods	-	594,145
Packaging, spare parts and other consumables	319,906	4,037,423
Inventory in transit	<u>13,062,614</u>	-
	<u>87,922,544</u>	<u>63,242,140</u>

Inventories in transit as at 30 June 2021 are represented by a shipment of fertilizers (total amount of 6,600 tons).

As at 30 June 2021, the inventories held for third parties in the Company's warehouse were in amount of:

- Fertilizers RON 15,012,334 (31 Dec 2020: RON 12,038,534)
- Pesticides RON 22,637,846 (31 Dec 2020: RON 187,559,407)
- Seeds RON 489,874 (31 Dec 2020: RON 51,281,896)



The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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10 TRADE AND OTHER RECEIVABLES

	<u>30 June 2021</u>	<u>31 December 2020</u>
Trade receivables	1,086,565,927	565,757,158
Accrual for commercial discounts	<u>(326,507,572)</u>	<u>(151,755,716)</u>
Trade receivables net of commercial discounts	760,058,355	414,001,444
Less: allowance for trade receivables	(39,153,474)	(41,892,943)
Trade receivables – net	720,904,881	372,108,501
Receivables from related parties (note 25)	34,907,710	21,936,711
Other receivables	<u>18,100,425</u>	<u>26,197,083</u>
Total other receivables	53,008,136	48,133,794
Less: allowance for other receivables	(5,969,732)	(5,969,732)
Total other receivables	47,038,404	42,164,062
Other non-financial assets		
Prepayments	1,548,739	3,394,085
Advances to suppliers	84,532	149,029
Advances for inventories	<u>9,866,503</u>	<u>2,984,285</u>
	11,499,774	6,527,399
Total trade and other receivables	779,443,059	420,799,962
Less non-current portion:		
Receivables from related parties	16,569,021	16,214,446
Other receivables	<u>5,484,620</u>	<u>5,505,579</u>
Total non-current receivables	22,053,641	21,720,025
Current portion	<u>757,389,418</u>	<u>399,079,935</u>

Other receivables included in the above table mainly relate to disposal of non-current assets (2018 and 2019) and they are guaranteed by pledges on the silos sold. In case of default on payments, the Company is entitled to regain possession of the silos.

Receivables from related parties represent the discounted amount corresponding to long term receivables obtained from the sale of fixed assets.

Part of bank borrowings are guaranteed by pledges on trade receivables (Note 14).



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June
(All amounts in RON unless otherwise stated)

11 CASH AND CASH EQUIVALENTS

	<u>30 June 2021</u>	<u>31 December 2020</u>
RON denominated balances with bank and cash on hand	63,614,587	94,538,380
Foreign currency balances with banks and cash on hand	49,992	54,753
Total cash and cash equivalents	63,664,579	94,593,133

Part of bank borrowings are guaranteed by mortgage on cash and cash equivalents (Note 14).

12 DISCONTINUED OPERATIONS

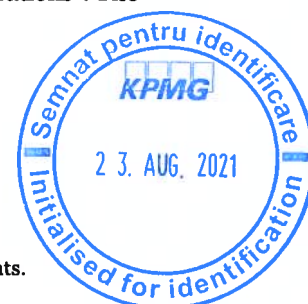
In the condensed consolidated interim financial statements the followings business lines were presented as discontinued: Agrifood segment, pork processing - Abatorul Peris SA; (2020: Grains and Silo, Milk , investment property held for sale - Agriland).

With a view to improve efficiency of resources and better manage risks, the Group decided to spin-off its Agrifood segment represented by its subsidiary Abatorul Peris SA, which will be transferred to a new holding entity with the same shareholding structure as Agricover Holding. Among the main factors considered were:

- the agrifood business of Abatorul Peris (i.e. pork meat processing) is different when compared to the businesses of the rest of the Group (i.e. sale and financing of agricultural inputs), without reasonable possibilities of gaining significant synergies;
- different business to consumer model of Abatorul Peris as compared to the business to business model of the rest of Agricover Holding subsidiaries;
- risks inherent in the pork meat processing business are unique and unlike other risks faces by the other segments of the Group.

The demerger project was approved by the board of directors of Agricover Holding on 26th of May 2021 and then by the shareholders on 11th of August.

As a consequence of the above, the statement of Profit and loss for both financial periods (six months ending June 2021 and six months ending June 2020) present the result of the Agrifood segment on one line related to discontinued operations in "Profit/(Loss) for the year from discontinued operations". The results of discontinued operations during the two periods are detailed below:



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

12 DISCONTINUED OPERATIONS(Continued)	30 June 2021	30 June 2020
Revenue	146,070,823	178,895,463
Cost of goods sold	(142,239,749)	(174,591,490)
Change in expected credit losses on trade and other receivables	529,285	(2,451,836)
Gross profit	4,360,359	1,852,137
Administrative expenses	(8,566,079)	(5,647,308)
Other income	55,372	1,005,566
Other gains	-	26,195
Other losses	(382,106)	(251,413)
Net gains from fair value adjustments		2,883,914
Operating loss	(4,532,454)	(130,909)
Finance income	1,554	43,181
Finance costs	(1,178,791)	(1,073,198)
Finance costs – net	(1,177,237)	(1,030,017)
Loss before tax	<u>(5,709,691)</u>	<u>(1,160,925)</u>
Income tax	257,541	1,696,484
Profit for the period from discontinued operations	<u>(5,452,150)</u>	<u>535,558</u>

For the six months period ended 30 June 2021, cash flows from discontinued operations were as follows:

- net operating cash inflows of RON (23,884,182); (2020 RON (13,742,485))
- net investing cash inflows of RON (6,699,675); (2020 RON (5,866,224)), and
- net financing cash inflows of RON 26,107,798; (2020 RON 16,861,722).

For the six months period ended 30 June 2021, the key management personnel compensations for the Agrifood segment are in amount of RON 1,667,735.

Assets classified as held for distribution

	30 June 2021	31 December 2020
Property, plant and equipment	81,123,743	-
Intangible assets	837,303	-
Other non-current assets	202,564	-
Inventories	13,237,597	-
Trade and other receivables	23,007,506	-
Cash and cash equivalents	673,337	-
Total	<u>119,082,050</u>	<u>-</u>

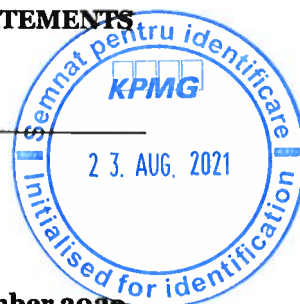
The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June
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12 DISCONTINUED OPERATIONS(Continued)

Liabilities directly associated with the assets held for distribution

	30 June 2021	31 December 2020
Long-term borrowings	32,552,383	-
Net deferred tax liability	866,911	-
Trade and other payables	31,680,098	-
Current portion of long-term borrowings	31,063,715	-
Other liabilities	89,154	-
Total	96,252,261	-

13 EARNINGS PER SHARE

The ultimate beneficial owner of the Group is Mr. Kanani Jabbar, who owns 87,269% of the share capital of the Company. There were no changes in the shareholding structure of the Company during the financial years 2020 and 2021. During 2021 Group distributed dividends from its Agribusiness segment in amount of 0.16 RON/share.

Earning per share ("EPS") for the six months period ended 30 June 2021 are higher by 30% as compared to the earning of share for the six months period ended 30 June 2020. The EPS calculation is detailed below:

	6 months to 30 June 2021	6 months to 30 June 2020
Profit for the period		
Owners of the parent	33,871,558	25,289,982
Non-controlling interests	2,739,816	1,667,765
Total	36,611,375	26,957,747
Profit for the period from continuing operations attributable to:		
Owners of the parent	39,151,421	24,787,554
Non-controlling interests	2,912,104	1,634,632
Profit for the period from continuing operations	42,063,525	26,422,186
Profit/(loss) for the period from discontinued operations attributable to:		
Owners of the parent	(5,279,862)	502,426
Non-controlling interests	(172,288)	33,133
Profit/(loss) for the period from discontinued operations	(5,452,150)	535,558
Number of ordinary shares	2,163,968,075	2,163,968,075
EPS basic and diluted	0.016	0.012
EPS basic and diluted from continuing operations	0.018	0.011
EPS basic and diluted from discontinued operations	(0.0024)	0.0002

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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14 BORROWINGS and LEASE LIABILITIES

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current		
Bank borrowings	606,359,457	620,914,690
Issued bonds	197,068,000	-
Lease liabilities	7,949,537	11,533,034
Total non-current borrowings	<u>811,376,994</u>	<u>632,447,725</u>
Current		
Bank borrowings	1,009,867,025	849,066,600
Issued bonds	2,777,849	-
Lease liabilities	8,506,281	10,967,264
Total current borrowings	<u>1,021,151,155</u>	<u>860,033,864</u>
Total borrowings	<u>1,832,528,149</u>	<u>1,492,481,589</u>

The Group reclassified bank borrowings amounting to 165 million RON presented at 31 December 2020 in non-current liabilities to current liabilities to account for the uncommitted nature of the respective financing agreements. It is the Group's practice to roll-over its main financing facilities as they become due, with the objective of optimising both the sources and the cost of its debt.

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 or loans granted to customers. During 2021, the Group issued a 40 million EUR fixed rate bond with 5 years maturity. The proceeds were used to finance the loans granting activity of the Agrifinance division.

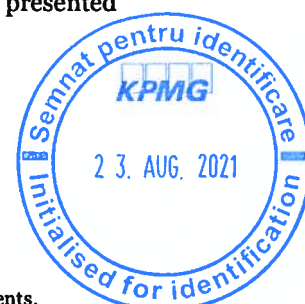
Table of movement on loans for the six months period ended 30 June 2021 is presented below:

Balance as at 01 January 2021	1,469,981,291
Withdrawals	955,495,878
Reimbursements	(558,928,944)
Transfer to liabilities with assets held for distribution	(57,957,743)
FX impact	5,345,596
Accrued interest	2,136,255
Balance as at 30 June 2021	1,816,072,331

Table of movement on lease liabilities for the six months period ended 30 June 2021 is presented below:

Balance as at 01 January 2021	22,500,298
New contract	4,095,024
Transfer to assets held for distribution	(5,376,293)
Payments	(4,429,128)
FX impact	(334,083)
Balance as at 30 June 2021	16,455,818

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.
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**For the six month period ended 30 June
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14 BORROWINGS INCLUDING LEASE LIABILITIES (Continued)

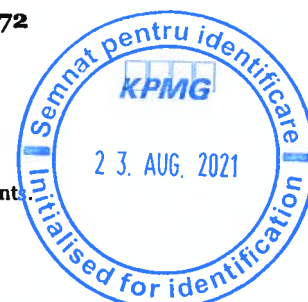
The new leases in the period are mainly represented by new cars used in the Group's auto fleet, the average period of these agreements is 60 months, and by extension of leases on warehouses.

15 RIGHT -OF-USE ASSET

	Buildings	Machinery and Equipment	Motor vehicles	Total
As at 01 January 2021	10,511,689	2,178,760	9,304,820	21,995,269
Transfer to assets held for distribution	(2,775,856)	(202,856)	(3,209,967)	(6,188,679)
Additions	912,978	-	3,182,047	4,095,024
Depreciation	(1,603,122)	(18,469)	(2,377,148)	(3,998,740)
As at 30 June 2021	7,045,688	1,957,435	6,899,752	15,902,875
	Buildings	Machinery and Equipment	Motor vehicles	Total
As at 01 January 2020	11,935,681	5,753,453	10,140,363	27,829,497
Early lease termination	(302,108)	(2,315,274)	(27,166)	(2,644,547)
Additions	2,127,330	-	2,250,318	4,377,648
Depreciation expense	(2,233,503)	(872,897)	(2,504,579)	(5,610,979)
As at 30 June 2020	11,527,400	2,565,283	9,858,936	23,951,618

16 TRADE AND OTHER PAYABLES

	<u>30 June 2021</u>	<u>31 December 2021</u>
Trade payables	483,752,587	262,913,986
Payables to related parties (note 25)	92,117,117	46,387,128
Fixed assets suppliers	71,264	969,911
Salaries and related taxes	14,063,429	18,202,696
Derivative liabilities held for risk management	582,229	1,368,452
Value added tax	5,308,618	1,047,711
Dividends	3,278,682	1,074,603
Other current liabilities	<u>2,641,932</u>	<u>251,485</u>
Total	601,815,859	332,215,972



AGRICOVER HOLDING SA**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the six month period ended 30 June
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17 TRADE REVENUE

Revenue from continuing operations

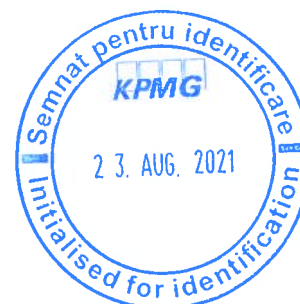
	<u>2021</u>	<u>2020</u>
Revenue from sales of merchandise	698,567,881	550,473,922
Other Revenue	303,227	-
Total	698,871,108	550,473,922

Revenue from sales of merchandise by product type

	<u>2021</u>	<u>2020</u>
Pesticides	247,544,421	188,468,774
Diesel oil	166,442,861	147,522,681
Fertilizers	176,327,634	119,932,391
Seeds	108,252,965	93,713,930
<u>Other</u>	-	836,146
Total	698,567,881	550,473,922

18 INTEREST INCOME

The Groups earns interest income on its loan and advances to customers granted through the Agrifinance segment. During the six month period ended on the 30th of June 2021 interest income recognised on impaired financial assets amounts to RON 1,407,935 (six month period ended on 30th of June 2020: RON 601,638).



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(All amounts in RON unless otherwise stated)**



19 COST OF GOODS SOLD

Cost of goods sold components in continuing operations are detailed below.

	2021	2020
Merchandise	(629,975,236)	(492,049,356)
Employees cost *	(22,665,045)	(17,700,509)
Consumables expenses	(1,201,523)	(1,337,957)
Transportation of goods sold	(5,284,425)	(5,049,432)
Depreciation	(3,162,946)	(3,204,277)
Third party services	(1,609,377)	(2,254,163)
Energy and water expense	(34,239)	(26,806)
Maintenance expense	(1,281,606)	(827,553)
Write-down of inventories	86,225	(597,288)
Other distribution costs	(396,541)	(375,970)
Insurance premium expenses	(247,834)	(278,757)
Rent expenses	(275,764)	(190,819)
Postal and telecommunication expenses	(207,287)	(216,786)
Travel and subsistence costs	(80,340)	(58,199)
Protocol and publicity expenses	(225,731)	(92,353)
Total	(666,561,668)	(524,260,225)

* includes contributions in amount of RON 6,993,354 (2020: RON 4,858,922) paid by the Group to the national pension funds.

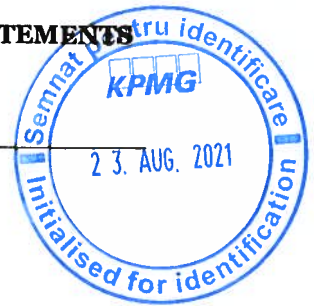
20 ADMINISTRATIVE EXPENSES

	2021	2020
Advertising expenses	(183,241)	(618,781)
Third party services	(2,346,177)	(2,384,303)
Repairs and maintenance	(1,942,472)	(662,265)
Insurance premium expenses	(162,646)	(117,220)
Other administrative expenses	(172,882)	(485,796)
Rent expenses	(248,059)	(428,060)
Protocol expenses	(788,108)	(1,311,307)
Telecommunication and postage	(184,194)	(129,982)
Travel expenses	(71,052)	(42,206)
Taxes to the State Budget	(981,657)	(941,927)
Employees cost*	(14,111,904)	(11,155,922)
Consumables expenses	(249,307)	(316,744)
Bank charges	(281,085)	(129,061)
Depreciation	(1,834,978)	(1,670,825)
Energy and water expense	(33,696)	(42,646)
Total	(23,591,457)	(20,437,045)

* includes contributions in amount of RON 5,405,899 (2020: RON 3,162,849) paid by the Group to the national pension funds

AGRICOVER HOLDING SA**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six month period ended 30 June
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**21 OTHER OPERATING EXPENSES****Continuing operations**

	2021	2020
Net loss from derivative financial instruments*	(3,279,384)	(980,610)
Reinvoicing	(390,313)	-
Donations and sponsorships	-	(56,223)
Penalties and compensatory payments	(369,010)	-
Total other operating expenses	(4,038,707)	(1,036,833)

*Net loss from derivative financial instruments represents net loss on derivatives accounted at fair value through profit or loss in Agrifinance division (refer to notes 4.2 and 4.4 above for details).

22 INCOME TAXES**Continuing operations**

Income tax expense is recognised based on enacted tax rate of 16%. The effective tax rate at 30 June 2021 is 15.63%, compared to 16.52% for the six months ended 30 June 2020.

Income tax expense includes:

	6 months to 30 June	6 months to 30
	2021	June 2020
Current tax on profits for the year	8,866,572	7,989,518
Deferred tax income	(1,076,290)	(2,759,755)
Income tax expense	7,790,282	5,229,763

The deferred income tax benefit is generated by the change in the deferred tax assets recognised in relation to the allowances for trade and other receivables and loans and advances to customers.

23 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS**Legal proceedings**

The group is part in a number of legal cases, both in quality of defendant and plaintiff. Management of the Group considers that these litigations will not have a significant impact on the operations and the financial position of the Group.

Agrifinance division

The client AC AGROFAM UNIREA commenced in April 2017 allegation against the Group in respect of financial losses and moral damages said to be caused by the Group's request to be started insolvency procedures for AC AGROFAM UNIREA. Should the action against the Group be successful, the estimated losses are of RON 1,552,000. The claim has been rejected by both Bucharest Court and by the Court of Appeal; a third appeal was filed by the client to which a trial date has not

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23 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS (Continued)

yet been scheduled. The Group has been advised by its legal advisers than the plaintiff has no chance of winning the third appeal. Accordingly, no provision for any risks and charges has been made in these financial statements.

The Group initiated a number of Court claims against its customers which arise in the ordinary course of business and are mainly related to the foreclosure of bad debts.

Guarantees committed to third parties

Agribusiness division

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. As at 30 June 2021, the Group has issued, through its Agribusiness division, guarantee letters with expiry periods within 1 year in favour of third parties amounting to EUR 591,788 (2020: 507,135) – RON equivalent 2,915,564 (2020 2,469,445) and RON 82,872. There are no other firm contractual commitments at the date of the condensed interim financial statements.

Covid - 19 impact analysis

During 2020, the regular course of business of the Group was challenged by unexpected evolution of SARS Cov-2 pandemic, as well as the drought conditions which affected several regions of Romania.

While the draught did not impact the current period, the pandemic continued during the first quarter of 2021 and then gradually decreased in intensity once vaccination campaigns were operational.

The Agribusiness division implemented in 2020 all the necessary actions to secure the proper level of inventories in anticipation of the expected difficulties in transportation of goods in the first part of 2021, the Company's activity was not impacted from a logistics perspective. Moreover our clients also had a positive first part of the year, with plenty of rain and rising prices of grains on the local and international markets. This also reflected in the positive developments within the Agrifinance division, where all clients benefiting from moratoria during 2020 have settled their loans as due.

From an operational perspective, we continued to improve our remote work capabilities while gradually returning to the office. Currently the Group operates a flexible hybrid working model with around 50% of the working time being remote. Given the effective infrastructure and processes constructed during the prior period, the non-recurrent costs incurred by the Group directly related to SARS Cov-2 during the six months period ended 30 June 2021 were not significant.

24 EVENTS AFTER THE REPORTING DATE

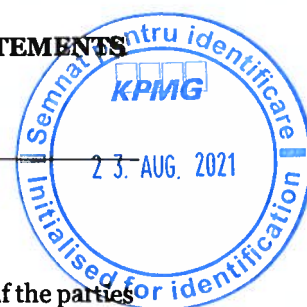
There were no significant events after the reporting date.



AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**



25 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party, if the parties are under common control, or if they can exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 “Related Party Disclosures”.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The related parties with whom the Group entered into transactions or had balances outstanding in the period presented were the following:

Related party	Country	Relationship
Danube Grain SRL	Romania	Associate
Net Farming SRL	Romania	Other related party
Agricola Cornatelu SRL	Romania	Other related party
Adama Agricultural Solutions SRL	Romania	Other related party

The following transactions were carried out with related parties:

(a) Sales of goods and services to other related parties

	<u>2021</u>	<u>2020</u>
Sales of services	6,754	1,226
Sales of fixed assets	-	7,024,921
Sales of goods	<u>8,464,003</u>	<u>7,531,401</u>
Total	8,470,757	14,557,548

(b) Purchases of goods and services from other related parties

	<u>2021</u>	<u>2020</u>
Purchases of services	95,523	34,900
Purchases of goods	44,210,363	23,477,266
Total	44,305,886	23,512,166

(c) Other expenses and revenues

	<u>2021</u>	<u>2020</u>
	-	12,296
Interest income from associates		
Interest income from other related parties	-	166,686
Total	-	178,982

The accompanying notes 1 to 25 are an integral part of the condensed consolidated interim financial statements.

AGRICOVER HOLDING SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the six month period ended 30 June
(All amounts in RON unless otherwise stated)**

25 RELATED-PARTY TRANSACTIONS

(d) Outstanding balances arising from sales/purchases of goods/services at period end:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Trade and other receivables from Other related parties (Note 10)	34,907,710	21,936,711
Trade and other payables to other related parties (Note 16)	92,117,117	46,387,128

Key management compensation

During the 6 months period ended 30 June 2021 compensation granted to key management personnel amounted to RON 6,147,930 (2020: RON 4,525,312) and represents short term benefits. Except of the ones mentioned above and in Note 12, there are no other compensations related to key management personnel.



STATEMENT

According to the provisions of article 30 of Accounting Law no. 82/1991, republished, we hereby state that we take full responsibility for preparing the condensed consolidated interim financial statements as at and for the six month period ended 30 June 2021 ("the Financial Statements") and confirm that:

- a) the accounting policies used to prepare the Financial Statements are in accordance with the International Financial Reporting Standards as endorsed by the European Union ("IFRS"), in effect as at the reporting date, June 30, 2021;
- b) the Financial Statements offer a true image of the assets, liabilities, financial position, profit and loss account of Agricover Holding SA;
- c) Agricover Holding SA carries its business on an ongoing basis;
- d) The Directors' Report has been prepared in accordance with ASF Regulation no 5/2018, and reflects the correct and complete information at the reporting date.

AGRICOVER HOLDING SA

Liviu Dobre,

General Manager

August 27, 2021