Board of Directors Report

Agricover Group information

Agricover Holding SA ('the Company") and its subsidiaries (together referred to as "Agricover" or "the Group") are incorporated and are domiciled in Romania. Agricover Holding SA was established as a joint-stock company with Mr. Jabbar Kanani as majority shareholder. In November 2017, the European Bank for Reconstruction and Development ("EBRD") acquired, through a capital contribution, a stake representing 12.727% of the share capital of the Company.

The subscribed and fully paid share capital of the Company is RON 189,067 thousand. There are 1,890,671,063 shares in issue, each with a nominal value of RON 0.10.

Ordinary shared, issued and fully paid:	30.06.2022 number of shares	%	RON'000	31.12.2021 number of shares	%	RON'000
at 1 January	2,163,968,075		216,397	2,163,968,075		216,397
Change during the period	(273,297,012)		(27,330)	-		-
at 30 June / 31 December,						
of which owned by:	**1,890,671,063**	**100%**	**189,067**	**2,163,968,075**	**100%**	**216,397**
Mr. Kanani Jabbar	1,649,966,127	87.269%	164,997	1,888,469,175	87.269%	188,847
EBRD	240,630,848	12.727%	24,063	275,414,102	12.727%	27,541
Others	74,088	0.004%	7	84,798	0.004%	8

Corporate Identification Data

Head Office: Bd Pipera nr. 1B, Clădirea Cubic Center, etaj 8, Voluntari, Judet Ilfov | ***Tel***: 021.336.46.45 | ***website***: www.agricover.ro | ***e-mail***: office@agricover.ro

Order number with the Trade Registry: J23/447/2018
Registration certificate: B3417524
Sole Registration number with the Trade Registry: 36036986
Share Capital: 189,067,106.30 lei
Regulated trading market: Bucharest Stock Exchange, corporate bonds category
Market symbol: AGV26E

Agricover is a group of companies focused on the agricultural sector and carries out inputs distribution, financing, digital and insurance brokerage activities. Agricover Holding is the investment vehicle that controls four entities, namely:

- ✓ **Agricover Technology SRL** (hereinafter referred to as "Agricover Technology"), software as a service platform aimed at providing farmers with access to innovations within the industry through digital technologies, launched the first version of its Crop360 online platform in the fourth quarter of 2021;
- ✓ **Agricover Credit IFN SA** (hereinafter referred to as "Agricover Credit"), non-banking financial institution specialised in financing farmers; currently with a portfolio of three main categories of products: a) short term credit lines and medium or long term loans for working capital, b) discounting operations (denominated in RON), and c) medium or long term loans for financing investment projects (capex products denominated in RON or EUR). All products are 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 Distribution SA** (former Agricover SA, hereinafter referred to as "Agricover Distribution"), specialised in the distribution of agricultural inputs and technologies (i.e. seeds, crop protection products, crop nutrition products and fuel);
- ✓ **Clubul Fermierilor Romani Broker de Asigurare SRL** (hereinafter referred to as "CFRO Broker"), offering insurance brokerage services; the entity is controlled by Agricover Credit with 51% ownership, the rest of the shares being owned by Clubul Fermierilor Romani (a non-profit association of Romanian farmers);

In the condensed consolidated interim financial statements of Agricover Holding SA, Abatorul Peris SA is presented as discontinued for the six-month periods ended 30 June 2022 and 30 June 2021 and as at 31 December 2021. This entity was distributed to owners and is no longer part of the Group.

The Group's strategy for growth and development has farmers and their needs at its core, served via the wide-spread dissemination of the most advanced agricultural technologies, and assisting farmers accelerate their adoption through specialised financing solutions adapted to the specificity of the agricultural sector.

Over more than 21 years, the Group has done that mainly through facilitating the farmers' access to quality certified seeds, or crop protection products (CPP) and crop nutrition products (CNP) and by financing their working capital and investment requirements. Since 2021 Agricover has re-positioned itself at the heart of the next cycle of modernisation in agriculture by developing and offering farmers access to cost-effective digital solutions to reduce farm operating costs, increase crop yields, and build sustainability and sector resilience.

The digitalisation, e-commerce, and e-banking tools developed by Agricover Technology organically integrate with the distribution of inputs carried out by Agricover Distribution and the funding extended by Agricover Credit. Thus, the integrated business model continuously refined by the Group acquires an extra level of sophistication and differentiation, fully aligned with, and supportive of, its ambitious growth strategy.

Basis of preparation of the Report

The Directors' Report (the "Report") is presented together with and based on the Company's Condensed Consolidated Interim Financial Statements as at and for the six month period ended 30 June 2022, prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

The Report is compliant with the Financial Supervisory Authority Regulation 5/2018 on issuers of financial instruments and market operations issued in May 2018, with subsequent amendments and modifications.

The financial performance indicators presented in this Report are expressed in thousand RON. Performance indicators and financial ratios are rounded to the nearest unit unless otherwise stated.

Key events in the reporting period

i. Distribution to owners of Abatorul Peris SA

In the condensed consolidated interim financial statements of Agricover Holding SA, Abatorul Peris SA is presented as discontinued for the six-month periods ended 30 June 2022 and 30 June 2021 and as at 31 December 2021.

The demerger was finalized on 4th of February 2022, which is the date when control is lost and Abatorul Peris SA is no longer consolidated by the Group (the reorganisation is discussed in note 3.i to the attached condensed consolidated interim financial statements of the Group).

ii. Decrease of Company's share capital

Following the demerge of Abatorul Peris SA the Company's share capital and share premium decreased from 220,748 thousand RON as at 31 December 2021 to 193,418 thousand RON as at 30 June 2022. The shareholding structure and the nominal value of 1 RON/share remain unchanged.

iii. Share option plan

On 28th of April 2022 the Company's shareholders approved the allocation of a 7,489,000 maximum number of shares of Agricover Holding SA to be issued under a Share Option Plan ("the SOP") launched by the Group. Share options of the Company are granted to senior managers (including executive directors) of the Group with more than 12 months' service at the approval date, at the discretion of the Board of Directors (no individual has a contractual right to participate in the plan or to receive any guaranteed benefits).

iv. New member joined the Company's Board

On 26th of May 2022 Agricover Holding SA announced the appointment of Madeline-Dalila Alexander as Non-Executive Director. Mrs. Alexander is nominated to the position by the European Bank of Reconstruction and Development (EBRD) and will continue to serve as the President of the Risk and Audit Committee of Agricover Holding SA. She replaced Martin Elling, the former EBRD nominee.

v. New appointments to the management of Agricover Credit

On 30th of June 2022, Agricover Credit IFN SA announced the appointment of Robert Rekkers as Chairman of the Board of Directors of Agricover Credit and the appointment of Serhan Hacisuleyman as General Manager of Agricover Credit.

Market context

Romanian gross domestic product ("GDP") grew at a 5.8% in the first semester of 2022 compared to the same period of 2021.

In terms of financing, banks and non-banking financial institutions increased their exposure (including commitments and guarantees) to corporate clients by 9% as at June 2022 compared to 31 December 2021. Bank exposures started to increase in the second quarter of 2022, supported by IMM Invest Agri program for 2022, with 2.5 billion RON allocated for this year (2021: 1 billion RON).

Agribusiness was marked by increased prices of inputs (crop nutrition products and crop protection products) led by surging production costs, especially natural gas, energy and oil. Local and regional crop nutrition products manufacturers kept their production lines closed for all or significant parts of the first half of 2022, leading to market shortages and increasing the pressure on already high prices.

In a highly competitive market, in a period marked by supply chain disruption and surging commodity prices, Agricover Group almost doubled its revenue while increasing its market share in both significant segments where it activates (agribusiness and financing).

Agricover Group consolidated interim performance

RON'000	**6.2022**	**6.2021**
Revenue	1,331,771	694,512
Operating profit	71,929	49,220
Earnings per share from continuing operations (RON/share)	0.026	0.018

92% accelerated increase in **Revenue,** compared with the same period from 2021

+46% growth rate of **operating profit**, compared with the 6m from 2021.

+45% increase of **earnings per share** ("EPS"), compared with the same period of 2021.

1 million EUR investments in IT research and development activities during 6m 2022 **added** to the **2 million EUR** similar investments made during 2021. At the end of 2021 the Group launched crop360, an online digital agriculture platform built to offer farmers real time access to services and data needed for their daily activities, as part of their decision-making process or analytics.

AGRICOVER

Agricover Credit interim performance

Increase in market share to 7.41% as at June 2022 (6.05% as at June 2021) while generating a net interest margin of 6.17 % during the first half of 2022 are the performance highlights for the Agrifinance segment of the Group.

RON'000	6.2022	6.2021
gross loans exposure	2,595,700	2,042,158
net interest income	70,172	56,715
net commission income	6,855	3,592
profit before tax	37,598	33,436
cost to income ratio	39.15%	36.96%
NPL ratio	2.20%	2.95%

2.6 billion RON nominal value of loans and advances outstanding at 30 June 2022, 27% higher than as at 30 June 2021.

2.20% non-performing loans ("NPL") ratio as at 30 June 2022, significantly below local market averages (3.01%) and decreasing as compared to 30 June 2021.

+12% increase in profit before tax driven by 24% higher net interest income and close to two times higher net commission income booked during the period.

39.15% cost to income ratio increased from 36.96% in 6m 2021 as a consequence of investments in digitalisation (process automation and core banking migration related) accelerated by the Group in the second half of 2021 and continuing in 2022, with results in productivity expected in future.

Agricover Distribution interim performance

The Group consolidated its market leader position through solid growth in all business lines achieved during the first semester of 2022, total revenue increased by 91% as compared to the same period of 2021.

RON'000	6.2022	6.2021
Revenue	1,329,493	694,540
Operating profit	47,614	19,831
Operating margin	3.58%	2.86%

+91% increase in revenue for the first half of 2022 as compared with the same period of 2021. Agricover Distribution delivered a strong underlying performance with volume growth in all business lines, led by a 225% increase in crop nutrition products sales. Crop nutrition products sales represented almost half of the total revenue generated by Agricover Distribution during the first semester of 2022.

+140% increase in Agricover Distribution operating profit. Even if the prices went up (crop nutrition products prices increased by nearly 10 percent in the first quarter of 2022) and the Group continued its strategic choice to focus on increasing its market share and on supporting local farmers during crop nutrition product, the operating margin during 6m 2022 increased compared to 6m 2021 (reaching 3.58%).

Risk management

The Group's aim is to support farmers in achieving their potential and, in the process, to support the local agriculture sector in its important role in the European and global food chain. New and mature macroeconomic forces are changing the shape of many agricultural risks, not only for food crops (which indirectly impact the Group by reducing the ability of its clients to settle invoices and debt) but also for agricultural supply chains more broadly.

In this context, risk management is key to the Group's success. Our business model involves taking on and managing financial and non-financial risks in a targeted manner. We accept the risks inherent to our core business lines. We diversify these risks through our scale, the variety of products and services we offer, the channels though which we source the inputs and ensure the funds needed for our activities. We retain those risks which we believe we can manage to generate a return and we insure or hedge against the rest. Looking forward, the risks to which we are exposed may be magnified or dampened by current and emerging external and internal trends which may impact our current and future profitability.

Risk management policies and practices employed by the group have not changed significantly during the first half of 2022. Risk exposures and their impact on the Group's financial position and performance are discussed in note 8 to the condensed consolidated interim financial statements presented together with this Report. The note discusses risks arising from financial instruments to which the Group is exposed if significant changes in exposures or in the way that those risks occurred during the interim period are managed, including specific information about:

- credit risk, presenting changes in estimates and additional drought related estimates;
- market risk, presenting the Group's exposure to commodities price risk, foreign exchange and interest rate risks in consideration of the volatile macroeconomic environment, with increasing interest rates and weaking of the EUR against the US dollar.

Financial statements analysis

Group summarized interim consolidated statement of profit or loss[1]

RON'000	6.2022	6.2021 (restated)
Revenue	1,331,771	694,512
Cost of sales	(1,264,785)	(657,399)
Net credit losses on trade receivables	(3,944)	(5,891)
Gross Agribusiness margin	**63,043**	**31,222**
Gross Agribusiness profit margin	***4.7%***	***4.5%***
Net interest income	58,719	53,380
Net fee and commission income	6,855	3,592
Net credit losses on loans and advances to customers	(10,399)	(1,572)
Cost of sales	(12,648)	(9,850)
Net Agrifinance income	**42,527**	**45,550**
Gross profit	**105,570**	**76,773**
Operating expenses, net	(33,641)	(27,552)
Operating profit	**71,929**	**49,220**
Net financial result	**(608)**	**(581)**
Income tax expense	(16,252)	(7,596)
Profit from continuing operations	**55,069**	**41,043**

Revenue of RON 1,331,771 thousand generated by the Group were 91% higher in the first 6 months from 2022 compared to the same period from 2021. The growth was led by both higher quantities sold (predominantly for crop nutrition products of the Agricover Distribution division) and price rallies. Surges in commodity prices and disruptions of supply chains heightened the availability risk for crop nutrition products and certain crop protection products. Sales of crop protection products increased by 30% during the same period. Rewarding the trust of our customers and the agricultural community, the Group continued to ensure availability of relevant inputs at reasonable costs.

[1] The summarised statement presents profit or loss form continued operations, excluding the revenue, income and expenses of operations discontinued by the Group during the presented periods.

Gross profit margin of Agribuiness has been slightly enhanced during the first half of 2022 compared to the same period of 2021 and this is due to improvements of credit risk of this Group's segment.

The 10% increase in **net interest income** was led by an accelerated growth in the gross exposure reaching 2,6 billion RON as at 30 June 2022 total nominal value of outstanding loans and advances granted.

Operating profit followed the sales trend and increased by 46% in the first 6 months of 2022 compared to the same period of 2021. Increase of **operating expenses** are driven by the increased volumes processed and reflect the impact of rising prices.

Group's summarized interim consolidated statements of financial position

RON'000	30 June 2022	31 December 2021 (restated)
Assets		
Non-current assets	**922,245**	**631,152**
Loans and advances to customers	811,182	571,465
Intangible assets, Property, plant and equipment and Rights of use assets	48,203	36,039
Trade and other receivables	48,042	9,042
Other non-current assets	14,818	14,606
Current assets (including assets held for sale)	**3,075,947**	**2,178,654**
Loans and advances to customers	1,492,802	1,236,973
Trade and other receivables	1,121,283	579,023
Inventories	287,799	118,033
Other current assets	174,063	137,631
Assets classified as held for sale	-	106,994
Total assets	**3,998,192**	**2,809,806**
Equity and Liabilities		
Total equity	**608,355**	**577,676**
Non-current liabilities	**1,188,604**	**691,328**
Borrowings and Leases	1,187,938	691,328
Other payables	666	-
Current liabilities	**2,201,233**	**1,540,803**
Borrowings and Leases	1,318,532	999,041
Trade and other payables	857,572	424,670
Other liabilities and provisions	25,129	32,559
Liabilities directly associated with the assets held for sale	-	84,532
Total equity and liabilities	**3,998,192**	**2,809,806**

Increase in **total assets** by RON 1,188,386 thousand as at 30 June 2022 compared to 31 December 2021 was driven mainly by the surge in **trade and other receivables** and **loans and advances granted to customers.**

Aligned with the agricultural season, 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 suppliers (trade payables are also peaking around this period) and, where not possible or more costly for the Group, through bank loans (which follow the same seasonality).

The 144% increase in inventories of crop nutrition products and crop protection products is driven by the turmoil and shortages on these markets. In this context the Group decided to timely secure inventories needed to meet the local demand for the 2022 autumn campaign.

The 27% increase in loans and advances to customers was driven mainly by higher tickets per client, with the average exposure per client increasing by 24% in the reporting period as compared to the same period from 2021. The number of products per client increased as at 30 June 2022 to 2.37 as compared to 2.22 as at 30 June 2021.

	30-Jun-22	**30-Jun-21**
Loans and advances to customers in Agricover Credit (RON'000)	2,595,700	2,042,158
Number of clients	4,538	4,424
Average exposure per client (RON'000/ client)	**572**	**462**
Number of contracts	10,754	9,821
Average value per contract (RON'000/ contract)	**241**	**208**
Products pe client (no contracts / no clients)	**2.37**	**2.22**

Increase in loans and advances to customers by RON 495,546 thousand was supported by Group's seasonality and conditions on the agricultural inputs market, with price rallies and increased availability risk. In managing their risks, farmers secured prices and availability through early acquisitions financed by Agricover Credit IFN. To ensure availability of inputs, the Group continued to build-up relevant inventories of crop nutrition products and crop protection products.

	30 June 2022 (RON'000)	30 June 2022 weight (%)	31 December 2021 (RON'000)	31 December 2021 weight (%)
Borrowings from local banks	1,709,185	69%	953,661	57%
Borrowings from international financial institutions	581,201	23%	520,173	31%
Issued bonds	199,695	8%	203,036	12%
Total borrowings	**2,490,081**	**100%**	**1,676,870**	**100%**

Borrowings and capital markets are the main source of financing for the loans and advances to customers granted within the Agrifinance sector. Moreover, during 2022 and second half of 2021 bank loans were used to finance higher crop nutrition products inventories, tactical decision of the management aimed at taking advantages of the imbalances in the suppliers market.

Group's summarized interim consolidated cash-flow statements

RON'000	6.2022	6.2021 (restated)
Sources of funds		
Cash generated from financing activities	821,167	390,217
Used in		
Cash used in operating activities	(779,333)	(411,529)
Cash used in investing activities	(12,162)	(9,571)
Effect of exchange rates on cash and cash equivalents	(270)	628
Net (decrease) / increase in cash and cash equivalents	**29,403**	**(30,255)**
Cash out from Abatorul Peris	(388)	-
Cash and cash equivalents at the beginning of the period	102,509	94,593
Cash and cash equivalents at the end of the period	**131,524**	**64,338**

The significant sources of funds are represented by local banks (69% of borrowings as at 30 June 2022) and international financial institutions (23% of borrowings as at 30 June 2022). Under the terms of major borrowing facilities, the Group and its subsidiaries are 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 or currency risk ratios, etc. The Group and its subsidiaries have complied with all financial covenants imposed by its borrowing facilities during 6M 2022 and in 2021. Non-compliance with financial covenants would result in the creditors having the right to early call the related facilities.

Total net inflows of cash from its financing activity reached RON 821,167 thousand during the reporting period (6.2021: RON 390,217 thousand).

Attracted funds were used to finance the operating activities of the two main segments of the Group. Cash flow used in operating activities significantly increased led by the RON 367,804 thousand increase in net working capital, as the Group provided both the financing and the agriculture inputs, especially crop nutrition products and crop protection products, that the farmers needed to navigate the difficult market conditions generated by surging commodities prices and supply chain disruptions.

Net cash used in investing activities was of RON 12,162 thousand (6.2021: RON 9,571 thousand) and mainly relates to Group's investments in internal process improvements and digitalisation projects as well as IT research and development activities.

In recent years it has been the Group's practice not to distribute dividends, except for specific instances mostly related to group restructuring activities. As the Group is more and more active on the capital markets and in order to manage its capital structure, it may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Group interim investments cash outflows[2]

RON'000	6.2022	6.2021
Capital investments:	**11,983**	**5,396**
Agricover Distribution	5,020	1,679
Agricover Credit	4,870	1,267
IT development	2,093	2,450

The capital investments almost doubled in the first 6 months of 2022 as compared to the same period from 2021, reaching RON 11,983 thousand (6.2021: RON 5,396 thousand).

The main capital investments within Agricover Credit are represented by additions of licenses as a result of the implementation of SAP 4Hana, ongoing at the date of this report. The new core system and operational modules are planned and expected to be live starting first semester of 2023.

[2] The Group presents investments in continued operations, excluding any investments performed by segments discontinued by the Group during the presented periods.

Capital investments of Agricover Distribution are linked to leasehold improvements on the rented offices in Bucharest.

The Group launched its Crop360 platform in November 2021 with the aim of offering farmers real time access to services and data needed for their daily activities. Similar IT research and development costs are expected at around EUR 2 million per year for the foreseeable future.

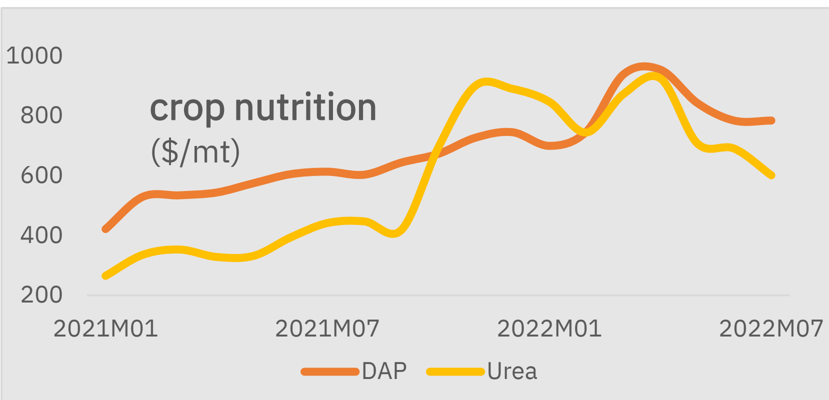
For 31 December 2022, the Group's objective is to have a minimum of 3,200 users of the Crop360 platform (1,063 users were registered as at 30 June 2022).

Perspectives and markets

In February 2022, the Russian Federation recognised Donetsk and Luhansk as independent states and subsequently invaded Ukraine. The military conflict escalated and spread to other regions of the country. The escalation of the military conflict and the international economic sanctions against Russian Federation have and are likely to continue to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

The Group does not have a significant direct exposure on neither Ukraine, Belarus nor on the Russian Federation. However, the war added to supply disruptions on the agricultural inputs market as Russia and Belarus are major producers and exporters of crop nutrition products and natural gas (main direct cost in the production of crop protection products). High energy prices forced some chemical companies to halt or reduce production capacity.

The resulting pressures on crop protection and crop nutrition products were made worse by the surge in trade-related policies imposed by countries.

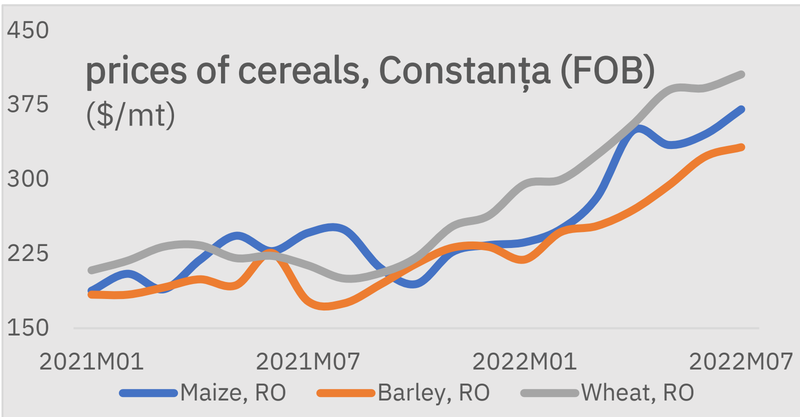


In July 2022 diammonium phosphate ("DAP") traded at prices higher by 86% as compared to January 2021 and by 5% as compared to December 2021. Urea prices in July were 127% higher as compared to January 2021 but 32% lower than prices in December 2021. Potash and Phosphate, other essential fertilisers, followed similar trends, trading in July 2022 at prices 3.7 times higher for Phosphate and 2.8 times higher for Potash than their respective prices in January 2021.

To best serve local farmers in the context of the market turmoil the Group decided to build buffer inventories for crop nutrition and crop protection products. The Group's commodities risk management policies and practices are discussed in note 8.ii.1) to the attached condensed consolidated interim financial statements.

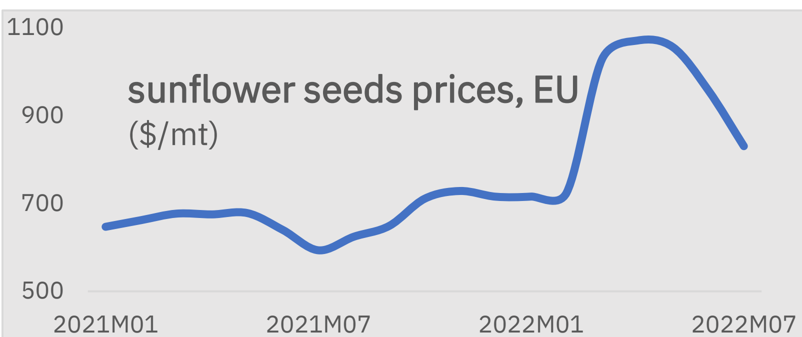
In terms of outputs, Russia and Ukraine export around 12% of the calories traded worldwide. Together they rank among the top five exporters of many oilseeds and cereals (including wheat, sunflower, or maize). The war affected the wheat, maize and sunflower production in Ukraine and led to export quotas imposed by some countries. Russia is subject to economic sanctions, reluctance of traders to buy from a heavily sanctioned country and export restrictions imposed by Russia itself.

World wheat and maize prices fell July, partly in reaction to the agreement reached between Ukraine and the Russian Federation to unblock Ukraine's main Black Sea ports, indicating the imminent resumption of grain exports from Ukraine. Seasonal availability from ongoing harvests in the northern hemisphere also weighed on prices. Nevertheless, international wheat prices were still 24.8 percent above their values in July last year.



Cereals prices in Constanța (FOB), as reported by the European Commission, were on average more than 50% higher in July 2022 as compared to December 2021 and almost double as compared to January 2021.

International prices of sunflower seeds dropped markedly amid subdued global import demand, despite continued logistics uncertainties in the Black Sea region. Lower crude oil prices also exerted downward pressure on vegetable oil values.



This mix of macroeconomic and geopolitical trends emerging in the aftermath of the Covid-19 pandemic and exacerbated after the invasion of Ukraine influences the farmers' ability to meet their liabilities as they fall due and, by consequence, has repercussions on the Group's credit risk on loans and advances and trade receivables. Similar trends in prices of inputs and outputs preserve farmers' margins. Notably 2021 was a year with record agricultural production in Romania. Record production coupled with high output prices means that local farmers are well positioned to adapt to the current environment and meet the challenges ahead. Finally, the destabilization of the agribusiness sectors in both Ukraine and Russia strengthened the strategic importance of the Romanian agriculture and has a positive impact on its development. The Group's credit risk management policies, practices and exposures are presented in note 8.i to the attached condensed consolidated interim financial statements.

Yields of key crops in Europe will be down this year owing to heatwaves and droughts, exacerbating the impacts of the Ukraine war on food prices. Maize and sunflower are forecasted by the European Union to drop by about 8% to 9% due to hot weather across the continent. In Romania, after some beneficial precipitation in the first decade of June, drier and hotter than usual conditions prevailed, thus hampering summer crops growth. The impact of the drought on the Group's financial position and performance is discussed in note 8.i.1) to the attached condensed consolidated interim financial statements.

Looking ahead, as main offerings of the Group (including financing, crop nutrition and crop protection products) are as valuable as always, the management will continue to focus on ensuring their availability for local farmers. Main projects and investments initiated by the Group are continuing without any major disruptions as at the date of this Report.

Agricover on the capital markets

The Group is present on the local capital markets with a EUR 40 million bond, listed by Agricover Holding on the Regular-Bonds EUR Market of the Bucharest Stock Exchange in March 2021. The bonds have 5 years maturity and bear a 3.5% fixed coupon. The proceeds from bonds were used to finance the loans granting activity of Agricover Credit. The Group paid the first coupon on the bonds amounting to a total of EUR 1.4 million on 3rd of February 2022. The issued bonds were not actively traded during the reporting period. For disclosure purposes in the condensed consolidated interim financial statements their fair value was estimated based on the latest ask price as published on the Bucharest Stock Exchange (as at 31 December 2021 the fair value was measured with reference to their market price).

The directors' declaration:

The Directors of Agricover Holding hereby declare that, subject to their knowledge, the reviewed condensed consolidated interim financial statements of Agricover Holding as at and for the six-month period ended 30 June 2022 were prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union, provide a correct image reflecting the reality of the assets, liabilities, financial position and profit and loss account of Agricover Holding and its subsidiaries included in the process of consolidation of its condensed consolidated interim financial statements and includes a correct analysis of the Group's developments, consolidated performance of the Group during the six-month period ended 30 June 2022, as well as a description of the industry specific main risks and incertitude.

Bucharest, 29 August 2022

Jabbar Kanani,
President of the Board of Administrators

Digitally signed by
Jabbar Kanani
Date: 2022.08.29 14:59:02

Liviu Dobre,
Chief Executive Officer

Digitally signed by
Liviu Dobre
Date: 2022.08.29 14:41:34

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

To the Shareholders,

Agricover Holding S.A.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agricover Holding S.A. as at 30 June 2022, the condensed consolidated statements of profit or 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 the 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 the condensed consolidated interim financial statements based on our review.

The condensed consolidated interim financial statements have been signed with a qualified electronic signature on 28 August 2022 by Stefan Doru Bucataru, Administrator, at hour: 17, min: 12, sec: 11 and Liviu Dobre, General Manager, at hour: 17, min: 07, sec: 35.

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 the 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 the condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2022 is 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

KPMG Audit SRL

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

Bucharest, 29 August 2022

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
AS AT AND FOR THE SIX-MONTH PERIOD ENDED

30 June 2022

Prepared in accordance with IAS 34 Interim Financial Reporting
as adopted by the European Union

Contents

Condensed Consolidated Statement of Financial Position
as at

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

	Notes	30 June 2022	31 December 2021 restated (note 4)
ASSETS			
Non-current assets			
Property, plant and equipment		8,190	4,181
Right of use assets		15,551	13,602
Intangible assets	15	24,463	18,256
Trade and other receivables	10, 13	48,042	9,042
Loans and advances to customers	8	811,182	571,465
Finance lease receivable		375	-
Other non-current receivables		9,225	9,093
Deferred income tax assets		5,218	5,513
		922,246	**631,152**
Current assets			
Inventories	14	287,799	118,032
Loans and advances to customers	8	1,492,802	1,236,973
Finance lease receivable		742	-
Trade and other receivables	8,10	1,121,283	579,023
Other current assets		36,981	35,919
Derivative assets held for risk management	10	4,815	116
Cash and cash equivalents		131,524	101,597
Assets classified as held for distribution	3i	-	106,994
		3,075,946	**2,178,654**
Total assets		**3,998,192**	**2,809,806**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and share premium	3ii	193,418	220,748
Revaluation reserves		1,232	12,543
Other reserves		54,932	56,928
Retained earnings		336,687	267,622
		586,269	**557,841**
Non-controlling interests		22,086	19,835
Total equity		**608,355**	**577,676**
Non-current liabilities			
Borrowings	11	1,178,245	685,058
Lease liabilities		9,693	6,270
Other payables	3iii	666	-
		1,188,604	**691,328**
Current liabilities			
Trade and other payables	12	857,572	424,670
Derivative liabilities for risk management	10	928	1,275
Current tax liability		10,078	3,817
Provisions		831	379
Borrowings	11	1,311,836	991,812
Lease liabilities		6,696	7,229
Contract liabilities		13,292	27,088
Liabilities directly associated with the assets held for distribution	3i	-	84,532
		2,201,233	**1,540,802**
Total liabilities		**3,389,837**	**2,232,130**
Total equity and liabilities		**3,998,192**	**2,809,806**

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

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

	Notes	2022	2021 restated (note 4)
Revenue	6	1,331,771	694,512
Interest income		113,666	81,853
Fee and commission income		7,035	3,640
Cost of sales	7	(1,277,433)	(667,249)
Interest and similar expenses		(54,947)	(28,473)
Fee and commission expenses		(180)	(48)
Net credit losses on financial assets	8,10	(14,342)	(7,463)
Gross profit		**105,570**	**76,772**
Administrative expenses	7	(33,125)	(22,410)
Research and development		(1,999)	(523)
Other operating income		101	296
Other gains		2,786	305
Other operating expenses		(1,404)	(5,220)
Operating profit		**71,929**	**49,220**
Finance income		6,763	4,392
Finance costs		(7,371)	(4,973)
Profit before tax		**71,321**	**48,639**
Income tax expense		(16,252)	(7,596)
Profit for the period from continuing operations		**55,069**	**41,043**
Profit / (loss) for the period from discontinued operations, net of tax	3i	(1,126)	(5,452)
Profit for the period		**53,943**	**35,591**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**53,943**	**35,591**
Profit for the period attributable to:			
Owners of the parent		48,162	32,948
Non-controlling interests		5,781	2,643
Profit for the period		**53,943**	**35,591**
Total comprehensive income attributable to:			
Owners of the parent		48,162	32,948
Non-controlling interests		5,781	2,643
Total comprehensive income for the period		**53,943**	**35,591**
Earnings per share			
Basic and diluted earnings per share		0.025	0.015
Earnings per share from continuing operations		0.026	0.018

Approved for issue and signed on behalf of the Board of Directors on 29 August 2022.

Ștefan Doru Bucătaru
Administrator

Digitally signed by
Stefan Doru Bucataru
Date: 2022.08.29 17:12:11

Liviu Dobre
General Manager

Digitally signed by
Liviu Dobre
Date: 2022.08.29 17:07:35

Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June

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

	Attributable to owners of Agricover Holding						
	Share capital and share premium	Revaluation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
at 1 January 2022	**220,748**	**12,543**	**56,928**	**274,931**	**565,149**	**20,527**	**585,676**
Restatement (note 4)	-	-	-	(7,309)	(7,309)	(692)	(8,001)
Balance as at 1 January 2022 restated	**220,748**	**12,543**	**56,928**	**267,622**	**557,840**	**19,835**	**577,675**
Profit for the period	-	-	-	48,162	48,162	5,781	53,943
Total comprehensive income for the period	**-**	**-**	**-**	**48,162**	**48,162**	**5,781**	**53,943**
Dividends distribution	-	-	-	-	-	(2,894)	(2,894)
Distribution of Abatorul Peris	(27,330)	(11,311)	(1,996)	20,903	(19,734)	(636)	(20,370)
Total transactions with owners (Note 3i, 3ii)	**(27,330)**	**(11,311)**	**(1,996)**	**20,903**	**(19,734)**	**(3,530)**	**(23,264)**
Balance at 30 June 2022	**193,418**	**1,232**	**54,932**	**336,687**	**586,269**	**22,086**	**608,355**

	Attributable to owners of Agricover Holding						
Restated (note 4)	Share capital and share premium	Revaluation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
at 1 January 2021	**220,748**	**12,543**	**51,043**	**198,514**	**482,848**	**16,533**	**499,381**
Restatement (note 4)	-	-	-	(1,615)	(1,615)	(442)	(2,057)
Balance as at 1 January 2021 restated	**220,748**	**12,543**	**51,043**	**196,899**	**481,233**	**16,091**	**497,324**
Profit for the period	-	-	-	32,948	32,948	2,643	35,591
Total comprehensive income for the period	**-**	**-**	**-**	**32,948**	**32,948**	**2,643**	**35,591**
Dividends distribution	-	-	-	-	-	(2,205)	(2,205)
Transfers and other changes in equity	-	-	-	(752)	(752)	-	(752)
Total transactions with owners	**-**	**-**	**-**	**(752)**	**(752)**	**(2,205)**	**(2,957)**
Balance at 30 June 2021	**220,748**	**12,543**	**51,043**	**229,095**	**513,429**	**16,529**	**529,958**

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

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

	Notes	2022	2021 restated (note 4)
Cash flows from operating activities			
Profit for the period from continuing operations		55,069	41,043
Profit/(loss) for the period from discontinued operations		(1,126)	(5,452)
Unrealized FX differences		(2,016)	1,213
Net loss / (gain) from financial assets		(923)	3,312
Net credit losses on receivables		3,944	5,362
Net credit losses on loans and advances to customers		10,399	1,572
Depreciation and amortization	7	6,081	9,181
Loss from the sale of fixed assets		-	19
Write down of inventory		1,653	314
Change in provisions		452	(114)
Income tax		16,252	7,338
Interest income		(118,113)	(85,684)
Interest expense		58,817	33,423
Operating profit before changes in working capital		**30,489**	**11,527**
Changes in working capital			
(Increase) in trade and other receivables		(590,486)	(336,617)
(Increase) in loans to customers		(447,700)	(351,831)
(Increase) in the inventories		(173,116)	(38,232)
Increase in the trade and other payables		412,508	295,776
Cash used in operations		**(768,305)**	**(419,378)**
Interest paid		(56,791)	(31,287)
Interest received		55,459	44,564
Income tax paid		(9,696)	(5,428)
Cash used in operating activities		**(779,333)**	**(411,529)**
Cash flows from investing activities			
Payments for acquisitions of intangible and fixed assets		(12,162)	(9,606)
Proceeds from sale of intangible and fixed assets		-	35
Cash used in investing activities		**(12,162)**	**(9,571)**
Cash flows from financing activities			
Proceeds from borrowings	11	3,894,949	955,496
Repayment of borrowings	11	(3,069,808)	(558,929)
Payments for lease liabilities		(3,422)	(6,148)
Dividends paid		(551)	(202)
Cash generated from financing activities		**821,168**	**390,217**
Effects of exchange rate changes on cash and cash equivalents		(270)	628
Cash and cash equivalents at the beginning of the period		**102,509**	**94,593**
Net (decrease) / increase in cash and cash equivalents		29,403	(30,255)
Cash out from Abatorul Peris	3i	(388)	-
Cash and cash equivalents at the end of the period, *out of which*		**131,524**	**64,338**
from discontinued operations		-	673
from continued operations		**131,524**	**63,665**

Notes to the Condensed Interim Financial Statements
General Information and Basis of Preparation

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

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

1 GENERAL INFORMATION

Agricover Holding SA ("the Company", "the Parent") 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 condensed consolidated interim financial statements comprise the Company and its material subsidiaries, as follows:

Entity	Operating Segment	Activity	% owned @ 30 Jun 2022	% owned @ 31 Dec 2021	% owned @ 30 Jun 2021
Agricover Distribution SA (former Agricover SA)	Agribusiness	Distribution of agriculture inputs	86.62	86.62	86.62
Agricover Credit IFN SA	Agrifinance	Financing businesses in agriculture	99.99	99.99	99.99
Clubul Fermierilor Romani Broker de Asigurare SRL	Agrifinance	Intermediation of insurance products	51.02	51.02	51.02
Agricover Technology SRL	Agritech	Digitalisation of agricultural activity (software as service)	100.00	100.00	100.00
Abatorul Peris SA	Agrifood	Meat processing	-	98.06	98.06

Group business model

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

- Agricover Distribution SA, specialized in the distribution of agricultural technologies and inputs – seeds, crop protection products, crop nutrition products or diesel;
- Agricover Credit IFN SA, 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. All factoring agreements of Agricover Credit SA are with Agricover Distribution and as such their effect is eliminated at consolidation (please refer to note 5);
- Agricover Technology SRL, software as a service aimed at providing farmers with access to the innovations within the industry through digital technologies,

Abatorul Peris, specialized in pig slaughtering and pork processing, was distributed to owners and is no longer part of the Group (please see note 3.i.).

In a highly integrated business model, tools offered by Agritech are used to efficiently and effectively manage farming activities, machinery and inputs while part 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 of these business segments in achieving its growth targets but also for the Group as a whole.

2 BASIS OF PREPARATION

Compliance statement

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

Historical cost convention

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

Consistent application of accounting policies

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

- expected credit losses on loans and advances to customers and trade and other receivables – note 8;
- forward looking scenarios considered in the Group's calculation of expected credit losses on loans and advances to customers – note 8;
- fair value determination of financial assets and financial liabilities - note 13;

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

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1st, 2022. These have been analysed by the Group and do not have a significant impact on the Group's condensed consolidated interim financial statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards and interpretations.

- ***Amendment to IFRS 16, "Leases"-*** COVID-19 related rent concessions, Extension of the practical expedient

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable

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

lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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

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

- ***Reference to the Conceptual Framework – Amendments to IFRS 3***

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

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

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

- ***Annual Improvements to IFRS Standards 2018–2020***

The following improvements were finalised in May 2020:

  - *IFRS 9 Financial Instruments* **–** clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
  - *IFRS 16 Leases* **–** amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
  - *IFRS 1 First-time Adoption of International Financial Reporting Standards* **–** allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
  - *IAS 41 Agriculture* **–** removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Notes to the Condensed Interim Financial Statements
General Information and Basis of Preparation

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

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

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

The Group has not early adopted any of the forthcoming new amended standards effective for annual periods beginning after January 1st, 2022, in preparing these condensed consolidated interim financial statements.

Functional and presentation currency

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

Going concern

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 these condensed consolidated interim financial statements are prepared on this basis.

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

This section provides information about the significant events and transactions occurred in the current reporting period and their impact on the Group's condensed consolidated interim financial statements.

3 SIGNIFICANT EVENTS IN THE REPORTING PERIOD

i. Distribution to owners of Abatorul Peris SA

In these condensed consolidated interim financial statements the Agrifood segment, represented by Abatorul Peris SA, is presented as discontinued for the six-month periods ended 30 June 2022, 30 June 2021 and as at 31 December 2021.

In 2021 the Company's shareholders decided to spin-off the Agrifood segment, which was transferred to a new holding entity with the same shareholding structure as the Company. 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 posibilities of gaining significant synergies;
- different business to consumer model of Abatorul Peris as compared to the business to busines 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 on 26th of May 2021, when the distribution was assessed by management as highly probable (i.e. the demerger plan was initiated and expected to be finalised within one year). The demerger project was then approved by the shareholders on 11th of August 2021. As a consequence of the above, the statement of Condensed Consolidated Profit or Loss and Other Comprehensive Income presents the result of the Agrifood segment on one line related to discontinued operations in "Profit/(Loss) for the period from discontinued operations, net of tax".

The demerger was finalized on 4th of February 2022, which is the date when control is lost and Abatorul Peris SA is no longer consolidated by the Group.

Assets classified as held for distribution were as follows:

	4 February 2022	31 December 2021
ASSETS		
Property, plant and equipment	81,509	80,868
Right of use assets	5,576	5,576
Intangible assets	957	982
Other non-current assets	184	184
Inventories	10,870	9,273
Trade and other receivables	11,062	9,199
Cash and cash equivalents	388	912
Assets classified as held for distribution	**110,546**	**106,994**

Notes to the Condensed Interim Financial Statements
Significant events in the reporting period

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

Liabilities directly associated with the classified as held for distribution were as follows:

	4 February 2022	31 December 2021
LIABILITIES		
Borrowings	55,495	46,194
Net deferred tax liability	398	398
Trade and other payables	34,432	37,851
Other liabilities	89	89
Liabilities directly associated with the assets held for distribution	**90,414**	**84,532**

Losses incurred from discontinued operations:

	1M period ended 4 February 2022	6M period ended 30 June 2021
Revenue	17,260	146,071
Cost of sales	(17,026)	(142,240)
Change in expected credit losses on trade and other receivables	-	529
Gross profit	**234**	**4,360**
Administrative expenses	(1,197)	(8,566)
Other income	93	55
Other gains/ (losses)	2	(382)
Operating loss	**(868)**	**(4,532)**
Finance income	14	2
Finance costs	(272)	(1,179)
Loss before tax	**(1,126)**	**(5,710)**
Income tax expense	-	258
Loss for the period from discontinued operations	**(1,126)**	**(5,452)**

ii. Decrease of Company's share capital

Following the demerger of Abatorul Peris SA, the Company's share capital and share premium decreased from 220,748 thousand RON as at 31 December 2021 to 193,418 thousand RON as at 30 June 2022. The shareholding structure and the nominal value of 1 share remained unchanged.

	30 June 2022	31 December 2021
Authorised and issued share capital		
ordinary shares of 0,1RON each	1,890,671,063	2,163,968,075

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

Issued and paid ordinary shares as well as the shareholding structure of the Company are detailed below:

Ordinary shared, issued and fully paid:	2022 No. of shares	2022 %	2022 RON'000	2021 No. of shares	2021 %	2021 RON'000
at 1 January	2,163,968,075		216,397	2,163,968,075		216,397
Change during the period	(273,297,012)		(27,330)	-		
at 30 June / 31 December,						
of which owned by:	**1,890,671,063**	**100%**	**189,067**	**2,163,968,075**	**100%**	**216,397**
Mr. Kanani Jabbar	1,649,966,127	87.269	164,997	1,888,469,175	87.269	188,847
EBRD	240,630,848	12.727	24,063	275,414,102	12.727	27,541
Others	74,088	0.004	7	84,798	0.004	8
Share Premium			4,351			4,351
Total Share capital and share premium			**193,418**			**220,748**

iii. Share Option Plan

On 28 April 2022, the Company's shareholders approved the allocation of 7,489,000 maximum number of shares of Agricover Holding SA under a Share Option Plan ("the SOP"). Share options of the Company are granted to senior managers (including executive directors) of the Group with more than 12 months' service at the approval date, at the discretion of the Board of Directors (no individual has a contractual right to participate in the plan or to receive any guaranteed benefits).

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

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

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

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

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

Notes to the Condensed Interim Financial Statements
Significant events in the reporting period

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

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

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

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

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period in which the service and the performance conditions are fulfilled (the vesting period) with recognition of a corresponding liability. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest.

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

	6M period ended 30 June 2022	2021
beginning of period	-	-
granted during the period	7,488,122	-
end of period	**7,488,122**	**-**

All options outstanding are unvested and have an exercise price of 0.1 RON/share. Weighted average remaining contractual life of options outstanding is 1.42 years.

The liability related to the SOP recognized as at 30 June 2022 amounting to RON 666 thousands was presented as non-current liabilities in the condensed consolidated statement of financial position, line "Other payables". As at 30 June 2022 and for the six-month period then ended the Group recognised an expense of 0.6 million RON in relation to the SOP.

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

4 CORRECTION OF ERRORS

Restatements of comparatives included in these condensed consolidated interim financial statements are explained and their impact is disclosed in this note:

A. Reclassification of thousand RON 4,717 representing revenue from transportation services, previously presented as “Revenue from sale of goods” into ”Other revenue” category.

   Cut-off correction of revenue and costs related to the transportation services on open custody arrangements, which will be recognized upon delivery, when the transportation service is provided. This restatement was also included in the Group’s last annual consolidated financial statements, the net effect of this restatement being an increased by thousand RON 0.7 million in „Cost of sales” and „Revenue”.

B. Levies costs incurred by Agricover Credit IFN SA were reclassified to “Administrative expenses” from “Other losses”. Prepayments made by Agricover Credit IFN SA were reclassified from “Trade and other receivables” to “Other current assets”.

C. Part of the invoices issued by Agricover Distribution SA are sold under non-recourse factoring arrangements to Agricover Credit IFN SA. In its consolidated financial statements, the Group presented the carrying amount of such invoices as “Loans and advances to customers”. The error has been corrected by presenting the carrying amount of receivables under intra-group factoring arrangements as “Trade and other receivables”. As the related factoring costs and interest income recorded by the subsidiaries were correctly eliminated, the reclassification has no impact on the Group’s condensed consolidated statement of profit or loss and other comprehensive income.

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

   The contract consideration was adjusted to reflect the significant financing component using a discount rate that reflects the rate that would be used in a separate financing transaction between Agricover Distribution SA and its customers. For invoices financed through intra-group factoring arrangements the financing component is approximated by the factoring costs as the invoices are passed over to the factor without significant delays after their initial recognition. For other invoices the discount rate was determined by averaging interest rates offered by local banks to commercial companies for loans with similar characteristics (source: monthly reports issued by the National Bank of Romania) and interest rates offered by Agricover Credit IFN SA to its customers, in the month in which the sale is recognised. Management considers that the discount rate reflects the credit risk of the relevant receivables portfolio as this is related to a mix of customers that have financing agreements with Agricover Credit IFN SA and others that do not. After contract inception, the Group does not update the discount rate – interest income is recognised based on the effective interest

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rate method, using the original discount rate.

As a result of this correction the caption 'Revenue' as at 30 June 2021 was decreased by thousand RON 5,046 and the 'Finance income' increased by thousand RON 3,831. The tax impact of this restatement resulted in a tax benefit (reduction of income tax expense) in amount of thousand RON 194. The impact of these restatements was also reflected in the condensed statement of cash flows as at 30 June 2021, as presented in the table below.

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

- An amount of thousand RON 1,553 was reclassified from current trade receivables to non-current trade receivables.
- An amount of thousand RON 9,525 previously reported as at 31 December 2021 was derecognized in trade receivables with a related adjustment to retained earnings of thousand RON 8,701 and NCI of thousand RON 824 (1 January 2021: thousand RON 4,646 and thousand RON 526, respectively).
- The 'Deferred income tax assets' was increased with thousand RON 1,524, with related adjustment to 'Retained earnings' of thousand RON 1,392 and NCI of thousand RON 132 (1 January 2021: thousand RON 743 and thousand RON 84, respectively).

The errors have been corrected by restating each of the affected financial statement line items for the prior period, as follows:

Impact on the condensed consolidated statement of financial position:

	31 December 2021 as reported	Restatements Intra-Group Factoring (C)	Financing Component (D)	Presentation (B)	31 December 2021 restated
Non-current assets					
Trade and other receivables	-	7,489	1,553	-	9,042
Loans and advances to customers	578,954	(7,489)	-	-	571,465
Deferred income tax assets	3,989	-	1,524	-	5,513
		-	**3,077**	**-**	
Current assets					
Trade and other receivables	458,175	133,966	(11,078)	(2,040)	579,023
Other current assets	33,878	-	-	2,040	35,919
Loans and advances to customers	1,370,939	(133,966)	-	-	1,236,973
		-	**(11,078)**	**-**	
Total assets	**2,817,807**	**-**	**(8,001)**	**-**	**2,809,806**
Equity					
Retained earnings	274,931	-	(7,309)	-	267,622
Total equity attributable to owners of the Company		**-**	**(7,309)**		
Non-controlling interests	20,527	-	(692)	-	19,835
Total Equity	**585,677**	**-**	**(8,001)**	**-**	**577,676**

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

Impact on the condensed consolidated statement of profit or loss and other comprehensive income and on the basic and diluted earnings per share:

	30 June 2021 as reported	Restatements Transport Services (A)	Financing Component (D)	Presentation (B)	30 June 2021 restated
Revenue	698,871	687	(5,046)	-	694,512
Cost of sales	(666,562)	(687)	-	-	(667,249)
Gross profit	**81,819**	**-**	**(5,046)**	**-**	**76,772**
Administrative expenses	(23,591)	-	-	1,182	(22,410)
Other losses	(4,039)	-	-	(1,182)	(5,220)
Operating Profit	**54,266**	**-**	**(5,046)**	**-**	**49,220**

Impact on the condensed consolidated statement of profit or loss and other comprehensive income and on the basic and diluted earnings per share (continued):

	30 June 2021 as reported	Restatements Transport Services (A)	Financing Component (D)	Presentation (B)	30 June 2021 restated
Operating Profit	**54,266**	**-**	**(5,046)**	**-**	**49,220**
Finance income	561	-	3,831	-	4,392
Finance costs	(4,973)	-	-	-	(4,973)
Profit/(loss) before tax	**49,854**	**-**	**(1,215)**	**-**	**48,639**
Income tax expense	(7,790)	-	194	-	(7,596)
Profit from continuing operations	**42,064**		**(1,021)**		**41,043**
Profit for the period attributable to	**36,611**	**-**	**(1,021)**	**-**	**35,591**
Owners of the parent	33,872	-	(924)	-	32,948
Non-controlling interests	2,740	-	(97)	-	2,643
Earnings per share					
Basic and diluted earnings per share	0.016		(0.001)		0.015

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

Impact on the condensed consolidated statement of cash flows:

	30 June 2021 as reported	Restatements Financing Component (D)	Intra-Group Factoring (C)	30 June 2021 restated
Cash flows from operating activities				
Profit for the period from continuing operations	42,064	(1,021)	-	41,043
Income tax	7,533	(194)	-	7,338
Interest income	(81,853)	(3,831)	-	(85,684)
Operating profit before changes in working capital	**16,573**	**(5,046)**	-	**11,527**
(Increase) in trade and other receivables	(387,851)	5,046	46,187	(336,617)
(Increase) in loans to customers	(305,644)		(46,187)	(351,831)

Impact on the Revenue note 6:

	30 June 2021 as reported	Restatements Transport Services (A)	Financing Component (D)	Storage Services (A)	30 June 2021 restated
Revenue from sale of goods					
Crop protection products	247,544	(1,259)	(4,980)	(248)	241,057
Fuel	166,443	-	-	-	166,443
Crop nutrition products	176,328	(2,656)	-	(4)	173,668
Seeds	108,253	(535)	(66)	(15)	107,637
	698,568	**(4,450)**	**(5,046)**	**(267)**	**688,805**
Other revenue	303	5,137	-	267	5,707
Total Revenue	**698,871**	**687**	**(5,046)**	**-**	**694,512**

Impacted risk management related disclosures were restated accordingly (refer to note 8).

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

This section provides information about the financial performance of the Group and of its significant operating segments.

5 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and reports operating segments as follows:

- Agrifinance – financing agricultural businesses and intermediation of insurance products mainly carried out by Agricover Credit IFN SA and its subsidiary, Clubul Fermierilor Romani Broker de Asigurare SRL ;
- Agribusiness – distribution of agriculture inputs carried out by Agricover Distribution SA;
- Agrifood, discontinued for the six-month periods ended 30 June 2022 and 30 June 2021 and as at 31 December 2021 – represented by slaughterhouse and meat processing carried out by Abatorul Peris SA.

Other segments which are not separately reportable include the development of software as a service platform by Agricover Technology SRL (aimed at providing farmers with access to innovations within the industry through digital technologies) and Group services and investments management costs. The results of these activities are included in the ‘All other segments’ column in the analysis below.

Operating segments are reported in these condensed consolidated interim financial statements in a manner consistent with the internal reporting provided to the chief operating decisionmakers. The chief operating decisionmakers who are responsible for allocating resources and assessing the performance of the operating segments are the executive directors of the Group. They primarily use Operating Profit to assess the performance of the operating segments. However, on a monthly basis, executive directors also receive information about the segments’ revenue, gross margin, EBITDA, finance costs, trade and other receivables and borrowings and loans and advances granted to customers.

The Group earns revenue and holds assets exclusively in Romania, the geographical area of its operations.

The Group earns revenues and interest from a large number of customers and no sigle customer or group of related customers contributes with more than 10% in the total revenue or interest income of the Group.

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Operating profit, revenue and interest income as periodically reported to the executive directors are disclosed below, together with their reconciliation with the consolidated net profit for the six-month periods ended 30 June 2022 and 30 June 2021, respectively:

30 June 2022	Agrifinance	Agribusiness	Agrifood (discontinued)	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued)
Revenue	-	1,329,493	17,260	1	1,346,754	(14,983)	1,331,771
Cost of sales	(12,648)	(1,264,769)	(17,696)	-	(1,295,113)	17,680	(1,277,433)
Interest income	125,119	-	-	-	125,119	(11,453)	113,666
Interest and similar expenses	(54,947)	-	-	-	(54,947)	-	(54,947)
Net fee and commission income	6,855	-	-	-	6,855	-	6,855
Net credit losses	(10,399)	(3,944)	-	-	(14,342)	-	(14,342)
Gross profit	**53,980**	**60,781**	**(436)**	**1**	**114,326**	**(8,756)**	**105,570**
Dividend income	-	-	-	19,035	19,035	(19,035)	-
Administrative expenses	(15,589)	(15,298)	(1,197)	(1,758)	(33,842)	717	(33,125)
Research and development	-	-	-	(1,918)	(1,918)	(81)	(1,999)
Other gains and losses, net	(748)	2,131	95	101	1,579	(96)	1,483
Operating Profit	**37,643**	**47,614**	**(1,538)**	**15,460**	**99,179**	**(27,249)**	**71,929**
	-	-	-	-	-	-	-
Finance costs – net	(45)	(8,004)	(258)	(64)	(8,371)	7,763	(608)
Profit/(loss) before tax	**37,598**	**39,610**	**(1,795)**	**15,396**	**90,808**	**(19,487)**	**71,321**
	-	-	-	-	-	-	-
Income tax expense	(6,173)	(9,766)	-	-	(15,938)	(314)	(16,252)
Profit/(loss) for the period	**31,426**	**29,844**	**(1,795)**	**15,396**	**74,870**	**(19,801)**	**55,069**

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30 June 2021	Agrifinance	Agribusiness	Agrifood (discontinued)	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued) (restated)
Revenue	-	694,540	146,071	-	840,611	(146,098)	694,512
Cost of sales	(9,850)	(657,399)	(142,240)	-	(809,489)	142,240	(667,249)
Interest income	87,962	-	-	-	87,962	(6,109)	81,853
Interest and similar expenses	(31,247)	-	-	-	(31,247)	2,774	(28,473)
Net fee and commission income	3,592	-	-	-	3,592	-	3,592
Net credit losses	(1,572)	(5,891)	529	-	(6,934)	(529)	(7,463)
Gross profit	**48,885**	**31,250**	**4,360**	**-**	84,495	**(7,722)**	76,772
					-		-
Dividend income	-	-	-	-	-	-	-
Administrative expenses	(11,366)	(10,965)	(8,566)	(1,783)	(32,680)	10,270	(22,410)
Research and development	-	-	-	(523)	(523)	-	(523)
Other gains and losses, net	(4,164)	(454)	(327)	-	(4,945)	327	(4,619)
Operating Profit	**33,355**	**19,831**	**(4,533)**	**(2,306)**	46,347	**2,875**	49,220
					-		-
Finance costs – net	81	(2,197)	(1,177)	15,597	12,304	(12,884)	(580)
Profit/(loss) before tax	**33,436**	**17,634**	**(5,710)**	**13,291**	58,651	**(10,010)**	48,639
Income tax expense	(4,977)	(2,676)	258	-	(7,395)	(201)	(7,596)
Profit/(loss) for the period	**28,459**	**14,958**	**(5,452)**	**13,291**	51,256	**(10,211)**	41,043

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

Inter-segment revenues as well as interest and financing costs are eliminated upon consolidation and reflected in the 'Eliminations' column. Other adjustments refer to discontinued operations as presented further below.

	30 June 2022				30 June 2021 (restated)			
	Total segments	Eliminations	Discontinued Segments	Consolidated (continued)	Total segments	Eliminations	Discontinued Segments	Consolidated (continued)
Revenue	1,346,754	(32,243)	17,260	**1,331,771**	840,611	(27)	(146,071)	**694,512**
Cost of sales	(1,295,113)	35,376	(17,696)	**(1,277,433)**	(809,489)	-	142,240	**(667,249)**
Interest income	125,119	(11,453)	-	**113,666**	87,962	(6,109)	-	**81,853**
Interest and similar expenses	(54,947)	-	-	**(54,947)**	(31,247)	2,774	-	**(28,473)**
Net fee and commission income	6,855	-	-	**6,855**	3,592	-	-	**3,592**
Net credit losses	(14,342)	-	-	**(14,342)**	(6,934)	-	(529)	**(7,463)**
Gross profit	**114,326**	**(8,320)**	**(436)**	**105,570**	**84,495**	**(3,362)**	**(4,360)**	**76,772**
Dividend income	19,035	(19,035)	-	**-**	-	-	-	**-**
Administrative expenses	(33,842)	1,914	(1,197)	**(33,125)**	(32,680)	1,704	8,566	**(22,410)**
Research and development	(1,918)	(81)	-	**(1,999)**	(523)	-	-	**(523)**
Other gains and losses, net	1,579	(191)	96	**1,483**	(4,945)	-	327	**(4,618)**
Operating Profit	**99,179**	**(25,712)**	**(1,538)**	**71,929**	**46,347**	**(1,658)**	**4,533**	**49,220**
Finance costs – net	(8,371)	8,020	(258)	**(608)**	12,304	(14,061)	1,177	**(580)**
Profit/(loss) before tax	**90,808**	**(17,691)**	**(1,795)**	**71,321**	**58,651**	**(15,720)**	**5,710**	**48,639**
Income tax expense	(15,938)	(314)	-	**(16,252)**	(7,395)	57	(258)	**(7,596)**
Profit/(loss) for the period	**74,870**	**(18,005)**	**(1,795)**	**55,069**	**51,256**	**(15,663)**	**5,452**	**41,043**

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When reported to the executive directors, segment assets and liabilities are measured in the same way as in the consolidated financial statements. Their allocation on operating segments as at 30 June 2022 and 31 December 2021 is presented below:

30 June 2022	Agrifinance	Agribusiness	All other segments	Total	Adjustments and Eliminations	Consolidated
Non-current assets, of which:	**832,070**	**79,211**	**208,058**	**1,119,339**	**(197,094)**	**922,245**
Loans and advances to customers	811,497	-	196,397	1,007,893	(196,712)	811,182
Trade and other receivables	-	47,727	-	47,727	315	48,042
Current assets, of which:	**1,857,744**	**1,210,577**	**27,483**	**3,095,805**	**(19,858)**	**3,075,947**
Loans and advances to customers	1,720,996	-	2,788	1,723,784	(230,982)	1,492,802
Trade and other receivables	2,423	884,548	22,810	909,780	211,502	1,121,283
Inventories	-	287,799	-	287,799	-	287,799
Cash and cash equivalents	127,831	2,428	1,265	131,524	-	131,524
Total assets	**2,689,814**	**1,289,789**	**235,541**	**4,215,144**	**(216,952)**	**3,998,192**
Non-current liabilities, of which:	**1,182,266**	**6,738**	**197,573**	**1,386,577**	**(197,973)**	**1,188,604**
Borrowings	1,178,249	-	196,907	1,375,156	(196,911)	1,178,245
Current liabilities, of which:	**1,076,896**	**1,142,456**	**8,601**	**2,227,952**	**(26,720)**	**2,201,233**
Trade and other payables	8,953	866,460	899	876,312	(18,740)	857,572
Borrowings	1,059,604	252,232	7,702	1,319,538	(7,702)	1,311,836
Total Liabilities	**2,259,161**	**1,149,194**	**206,174**	**3,614,530**	**(224,693)**	**3,389,837**

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31 December 2021	Agrifinance	Agribusiness – restated	Agrifood (discontinued)	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued) (restated)
Non-current assets, of which:	**591,621**	**28,792**	**83,223**	**206,110**	**909,746**	**(278,594)**	**631,152**
Loans and advances to customers	578,954	-	-	196,349	775,303	(203,838)	571,465
Trade and other receivables	-	1,512	-	-	1,512	7,531	9,042
Current assets, of which:	**1,460,481**	**598,584**	**19,284**	**23,291**	**2,101,640**	**77,014**	**2,178,654**
Loans and advances to customers	1,364,526	-	-	6,282	1,370,808	(133,835)	1,236,973
Trade and other receivables	3,100	447,074	9,199	5,252	464,625	114,398	579,023
Inventories	-	118,033	9,173		127,206	(9,173)	118,033
Cash and cash equivalents	90,699	447	912	10,450	102,508	(911)	101,597
Total assets	**2,052,102**	**627,376**	**102,507**	**229,401**	**3,011,386**	**(201,580)**	**2,809,806**
Non-current liabilities, of which:	**687,554**	**4,783**	**27,279**	**203,019**	**922,635**	**(231,307)**	**691,327**
Borrowings	686,067	-	23,864	203,019	912,950	(227,892)	685,058
							-
Current liabilities, of which:	**965,619**	**490,179**	**58,969**	**11,745**	**1,526,511**	**14,291**	**1,540,802**
Trade and other payables	14,448	412,025	38,957	5,463	470,893	(46,223)	424,670
Borrowings	947,760	43,052	17,128	6,282	1,014,222	(22,410)	991,812
Total Liabilities	**1,653,173**	**494,962**	**86,248**	**214,764**	**2,449,146**	**(217,016)**	**2,232,130**

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

Inter-segment financing transactions and as well as trade receivables or payables are eliminated upon consolidation and reflected in the 'Eliminations' column. Other adjustments refer to discontinued operations as presented further below.

	30 June 2022			31 December 2021 (restated)			
	Total segments	Eliminations	Consolidated	Total segments	Eliminations	Discontinued Segments	Consolidated (continued)
Non-current assets, of which:	**1,119,339**	**(197,094)**	**922,245**	**909,746**	**(195,371)**	**(83,223)**	**631,152**
Loans and advances to customers	1,007,893	(196,712)	811,182	775,303	(203,838)	-	571,465
Trade and other receivables	47,727	315	48,042	1,512	-	-	1,512
Current assets, of which:	**3,095,805**	**(19,858)**	**3,075,947**	**2,101,640**	**96,298**	**(19,284)**	**2,178,654**
Loans and advances to customers	1,723,784	(230,982)	1,492,802	1,370,808	(133,835)	-	1,236,973
Trade and other receivables	909,780	211,502	1,121,283	464,625	123,597	(9,199)	579,023
Inventories	287,799	-	287,799	127,206	-	(9,173)	118,033
Cash and cash equivalents	131,524	-	131,524	102,508	1	(912)	101,597
Total assets	**4,215,144**	**(216,952)**	**3,998,192**	**3,011,386**	**(99,073)**	**(102,507)**	**2,809,806**
							-
Non-current liabilities, of which:	**1,386,577**	**(197,973)**	**1,188,604**	**922,635**	**(204,025)**	**(27,282)**	**691,327**
Borrowings	1,375,156	(196,911)	1,178,245	912,950	(204,028)	(23,864)	685,058
							-
Current liabilities, of which:	**2,227,952**	**(26,720)**	**2,201,233**	**1,526,511**	**73,260**	**(58,969)**	**1,540,802**
Trade and other payables	876,312	(18,740)	857,572	470,893	(7,266)	(38,957)	424,670
Borrowings	1,319,538	(7,702)	1,311,836	1,014,222	(5,282)	(17,128)	991,812
Total Liabilities	**3,614,530**	**(224,693)**	**3,389,837**	**2,449,146**	**(130,768)**	**(86,248)**	**2,232,130**

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

This section provides information about the financial performance of the Group. The accounting policy information, significant judgements and estimates made in relation to particular items with significant impact on the financial performance are the ones disclosed in the Company's last annual financial statements. Note 4 above includes details regarding correction of prior period errors and their impact on the Group's financial performance.

6 REVENUE

The Group generates revenue mainly through its Agribusiness segment, which distributes advanced technological solutions (i.e. certified seeds, crop nutrition products, crop protection products and fuel) to farmers.

Dissagregation of revenue from contracts with customers by product type is presented below for the six month period ended:

	30 June 2022	30 June 2021 (restated)
Revenue from goods sold		
Crop protection products ("CPP")	315,267	241,057
Fuel	281,984	166,443
Crop nutrition products ("CNP")	564,303	173,668
Seeds	158,049	107,637
	1,319,603	**688,805**
Other revenue	12,168	5,707
Total	**1,331,771**	**694,512**

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

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

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

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

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

7 BREAKDOWN OF EXPENSES BY NATURE

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

All operating expenses of the Group are allocated to cost centres. Separate cost centres exist for regional working points and warehouses and headquarters for all operating segments of the Group. Expenses related to sales, acquisition and distribution process as allocated to regional working points and warehouses (e.g.: inbound and outbound transportation related expenses, salaries of personnel, rent or depreciation, third party storage cots, consumables, etc.) are allocated to Cost of sales. Expenses related to headquarters cost centres incurred to support the functioning of the business and which are not directly related to the distribution process (e.g. support functions including finance or human resources, headquarters rent etc.) are allocated to Administrative expenses. Those expenses related to headquarters cost centres which are directly related to the sales or distribution process (.e.g. expenses incurred with or related to purchases, logistics and sales teams) are allocated to Cost of sales. Headquarters rent is allocated between cost of sales and administrative expenses based on the area occupied by respective teams.

The table below presents the breakdown of expenses by their nature for the six month period ended:

	30 June 2022	30 June 2021 restated (note 4)
Merchandise	(1,222,007)	(629,975)
Employees costs	(45,837)	(36,782)
Transportation expenses	(11,699)	(5,971)
Third party services	(7,111)	(2,053)
Depreciation	(6,079)	(4,998)
Consumables expenses	(1,909)	(1,471)
Communication and marketing	(3,680)	(1,213)
Repairs and maintenance	(2,880)	(2,351)
Other	(9,356)	(4,842)
Total, *of which*	**(1,310,558)**	**(689,659)**
Cost of sales	(1,277,433)	(667,249)
Administrative expenses	(33,125)	(22,410)

This section discusses risks arising from financial instruments to which the Group is exposed if significant changes in exposures or in the way that those risks are managed occurred during the interim period, inclusing specific information about:

- credit risk, presenting changes in estimates and additional drought related estimates;
- market risk, presenting the Group's exposure to foreign exchange and interest rate risks in consideration of the volatile macroeconomic environment, with increasing interest rates and weaking of the EUR against the US dollar.

Practices and patters around liquidity risk management remain similar to the ones disclosed in the Group's last annual financial statements.

8 FINANCIAL RISKS MANAGEMENT

The Group's strategy for growth and development has the farmers and their needs at its core. The Group's aim is to support the Group's clients in achieving their potential and, in the process, to support the Romanian agriculture in its important role in the European and global food chain. With this in mind, the Group has perfected a business model which follows the seasonality of the agricultural year and financing both working capital and investment needs of the farmers.

Aligned with the agricultural season, 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 suppliers (trade payables are also peaking around this period) and, where not possible or more costly for the Group, through bank loans (which follow the same seasonality). Bank loans and capital markets are the main source of financing for the loans and advances to customers granted within the Agrifinance sector. Moreover, during 2022 and second half of 2021 bank loans were used to finance higher crop nutrition products inventories, tactical decision of the management aimed at taking advantages of the imbalances in the suppliers market.

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

The Company's board of directors has overall responsibility for the establishment and oversight of the 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.

Under policies approved by the Board of Directors and in collaboration with the risk and finance departments the risk management is carried out by the following committees:

- Credit Risk Committee;
- Management Committee;
- Assets Liabilities Committee;
- Collection Committee;
- Monthly Analysis of the Results Committee;
- Audit Committee;
- Management of Significant Risks Committee ("CARS")

The Group's internal audit function, including the audit committee of three independent members all with significant financial experience and at least one with accounting background, is responsible for the independent review of the risk management and the internal control environment.

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

The Group's risk management policies are consistent with those disclosed in the last annual financial statements.

i. 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.

Credit risk arises mainly from loans and advances and loan commitments granted by Agrifinance and from trade receivables in Agribusiness, but can also arise from other sources such as financial guarantees as well as from other transactions with counterparties giving rise to financial assets. Credit risk is the largest financial risk for the Group's business. The Group's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the condensed consolidated statement of financial position.

i.1. Credit risk on loans and advances

i.1.1. Forward-looking information incorporated in the ECL model

The Group incorporates forward-looking information into the measurement of ECL. External information considered includes economic data and forecasts for 2022 published by National Commission for Strategy and Prognosis.

The Group has identified the macroeconomic key drivers of credit risk using an analysis of most recent 7 years historical default data and their respective correlation with macroeconomic variables. 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 Group's exposure to loans and advances granted.

The following related scenarios were used in the calculation of expected credit losses:

	base scenario	optimistic scenario	pessimistic scenario
30 June 2022			
Contribution of Agriculture in GDP	0.4% decline	15% growth	20% decline
scenario weight	15%	5%	80%
31 December 2021			
Contribution of Agriculture in GDP	3% growth	15% growth	30% decline
scenario weight	15%	5%	80%
30 June 2021			
Contribution of Agriculture in GDP	14% growth	15% growth	9% decline
scenario weight	50%	20%	30%

Significant estimate – forward looking scenarios

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. In the application of the probability weighted scenarios the management estimated that the Agriculture sector gross domestic product for 2022 would decresse with 15.3% compared with 2021.

The following are sensitivities of the results to reasonably possible alternatives to the management's best estimates:

- as of June 2022, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 0.8 million RON
- as of June 2022, if the optimistic scenario was assigned a probability of 100%, the allowance account would have decreased by 5.06 million RON
- as of June 2022, if the base scenario was assigned a probability of 100%, the allowance account would decreased by 2.9 million RON
- as of December 2021, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 0.7 million RON
- as of December 2021, if the optimistic scenario was assigned a probability of 100%, the allowance account would have decreased by 2.9 million RON
- as of December 2021, if the base scenario was assigned a probability of 100%, the allowance account would decreased by 2.1 million RON

The Group constantly monitors the local, regional and global macroeconomic developments and assesses posible impacts of recent or foreseen developments on its business. In order to address possible negative efects of general inflation, surging commodity prices draught on the defauts rates, the Group recognised as at 30 June 2022 the following management overlays:

- increased commodity prices impact the Group's clients directly (e.g. increased costs with fuel) or indirectly (e.g. oil, gas and electricity represent significant inputs in the production of both fertilisers and crop protection products). To identify clients that are more vulnerable to increased inputs prices the management has considered those clients with a significant increase in credit risk since initial recognition (i.e. classified as Stage 2 as at 30 June 2022) with a high indebtness per productive unit (i.e. debt per hectar was considered). For such exposure the Group recognised additional expected credit losses of 3.5 million RON. If the indebtness rate considered would have been 10% higher or lower the resulting allowance would have been (0.8 million RON lower respectively 0.9 million RON higher);
- general economic context and its impact on agriculture might lead to decreases in the values of assets held as collateral by the Group (refer to note below for the type of assets held as collateral and their valuation). To account for such possible decreases the Group has stressed the haircuts applied to the fair values of collaterals as part of the expected credit losses estimation process. The additional allowance booked based on the weighted average of scenarios considered amounts to 2.1 million RON. The managements does not expect higher losses from decreased value of assets held as collateral as the Group is in a strong position to execute its collateral due to its close relationships with large and medium farmers across the country;
- drought impact on spring crops – mostly maize – will affect, as per management assessment,

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

income of the Group's clients, depending on their irrigation practices and mix of crops (between spring and autumn crops). To account for the impact of drought the Group has considered the following:

- ✓ exposures to clients located in areas significantly affected by the drought, as based on periodic reports issued by the National Meteorological Administration (i.e. Administrația Națională de Meteorologie – ”ANM”);
- ✓ crops structure of impacted clients whereby based on market conditions as at the date of the condensed consolidated interim financial statements the management has estimated that drought related losses on maize crops would be offset by gains on autumn crops for clients with at least 65 to 75% autumn crops in portfolio, depending on the severity of drought in respective areas;
- ✓ financial standing of the drought impacted clients, as perceived by the Group and assesed through the internal credit rating system, whereby the management assessed that clients with a strong financial position (based on their latest financial information) are not significantly impacted by the drought, especially when it arrives after the record production levels in 2021;
- ✓ irrigation practices of clients (clients which irrigate more than 30% of the operated areas were assessed to no have been significantly impacted by the drought).

After considering the above criteria and the 2020 drought experience, financing of maize crops for clients with a lower credit quality, with operations in drought impacted areas and with 50% or more maize crops in their portfolio, totalling 112 million RON, were assessed by the managment as having a significant increase in credit risk. The additional allowance booked by the management to account for the impact of the drought on spring crops amounts to 2 million RON.

i.1.2. Collateral and other credit enhancements

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

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

The valuation methodologies for different types of collaterals is consistent with that presented in the Group's last annual financial statements.

Information about the fair value of the collateral used in the ECL measurement as at 30 June 2022 is as follows (fair value of the guarantee is limited to the exposure value):

Collateral \ Loan type	CAPEX	Credit Line	Total
Loans collateralised by:			
Mortgage	74,746	757,160	831,906
Pledge on equipment	92,837	17,954	110,791
Pledge on stock	-	17,670	17,670
Total value of collaterals	**167,583**	**792,784**	**960,367**
Gross loans and advances granted	**198,530**	**2,167,756**	**2,366,286**

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Comparative information as at 31 December 2021 is as follows:

Collateral \ Loan type	CAPEX	Credit Line	Total
Loans collateralised by:			
Mortgage	67,028	679,261	746,289
Pledge on equipment	66,227	17,786	84,013
Pledge on stock	-	164,994	164,994
Total value of collaterals	**133,255**	**862,041**	**995,296**
Gross loans and advances granted	**150,210**	**1,711,589**	**1,861,799**

As at 30 June 2022, the Group has no asset (land or other) obtained by taking possession of collateral held as security (31 December 2021 nil) as a result of foreclosure procedures. Repossessed assets (generally represented by inventories – agricultural products) are sold as soon as practicable.

i.1.3. Loss Allowance

The increase in the expected credit losses for exposures classified as Stage 2 is linked to the management overlay booked by the Group to account for increased cost of inputs (e.g. crop nutrition products, crop protection products, fuel) and drought, as detailed above.

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period:

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2022	**9,601**	**9,746**	**34,014**	**53,360**
	-	-	-	-
New assets originated	11,199	-	-	11,199
Increase of existing assets	4,734	2,442	1,529	8,705
Assets derecognized or repaid (excluding write off)	(6,268)	(20)	(3,410)	(9,698)
Transfers from Stage 1	(1,103)	1,103	-	-
Transfers from Stage 2	-	(3,161)	3,161	-
Transfers from Stage 3	-	-	-	-
Amounts written off	-	-	(1,268)	(1,268)
ECL at 30 June 2022	**18,163**	**10,109**	**34,026**	**62,298**

Comparative information for the year ended 31 December 2021 is included below:

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2021	**10,217**	**6,113**	**34,458**	**50,788**
	-	-	-	-
New assets originated	8,303	-	-	8,303
Increase of existing assets	1,446	11,683	1,500	14,629
Assets derecognized or repaid (excluding write off)	(10,325)	(4,860)	(5,174)	(20,359)
Transfers from Stage 1	(58)	58	-	-
Transfers from Stage 2	18	(8,161)	8,339	196
Transfers from Stage 3	-	4,913	(4,913)	-
Amounts written off	-	-	(196)	(196)
ECL at 31 Dec 2021	**9,601**	**9,746**	**34,014**	**53,360**

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The Group originated a credit-impaired loan with an outstanding nominal value of 4.9 million RON and a related allowance of 1.5 million RON as at 30 June 2022 (no credit-impaired financial assets were purchased or originated during 2021). For the purpose of these credit risk related disclosures the loan is classified as Stage 3.

Significant changes in the gross carrying amount ("GCA") of loans and advances that contributed to changes in the respective loss allowance were as follows:

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2022	**1,655,993**	**151,071**	**54,735**	**1,861,799**
New assets originated	798,110	-	-	798,110
Increase of existing assets	158,502	12,241	3,119	173,863
Assets derecognized or repaid (excluding write off)	(459,349)	(1,233)	(5,639)	(466,222)
Transfers from Stage 1	(122,525)	122,525	-	-
Transfers from Stage 2	-	(5,986)	5,986	-
Transfers from Stage 3	-	-	-	-
Amounts written off	-	-	(1,268)	(1,268)
GCA at 30 June 2022	**2,030,731**	**278,618**	**56,933**	**2,366,282**

Comparative information for the year ended 31 December 2021 is included below:

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2021	**1,447,894**	**141,035**	**56,619**	**1,645,548**
New assets originated	1,768,528	-	-	1,768,528
Increase of existing assets	374,693	88,055	189	462,937
Assets derecognized or repaid (excluding write off)	(1,932,212)	(72,478)	(10,329)	(2,015,019)
Transfers from Stage 1	(5,136)	5,136	-	-
Transfers from Stage 2	2,225	(23,478)	21,253	-
Transfers from Stage 3	-	12,801	(12,801)	-
Amounts written off	-	-	(196)	(196)
GCA at 31 Dec 2021	**1,655,993**	**151,071**	**54,735**	**1,861,799**

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Loans and advances by type of product, stage classification and type of credit risk assessment are detailed below:

30 Jun 2022	Capex		Credit line	
	GCA	ECL	GCA	ECL
Collective analysis	174,158	1,996	1,856,576	16,167
Stage 1	17,834	321	193,859	3,335
Stage 2	1,172	832	39,943	29,312
Stage 3				
Individual analysis				
Stage 2	4,878	165	62,046	6,289
Stage 3	487	40	15,333	3,842
Total	**198,530**	**3,354**	**2,167,756**	**58,945**

Comparative information for the year ended 31 December 2021 is included below:

31 Dec 2021	Capex		Credit line	
	GCA	ECL	GCA	ECL
Collective analysis				
Stage 1	139,869	343	1,517,908	9,258
Stage 2	6,462	21	81,973	1,060
Stage 3	2,432	725	34,261	27,134
Individual analysis				
Stage 2	1,320	133	61,317	8,531
Stage 3	129	39	16,128	6,117
Total	**150,212**	**1,261**	**1,711,587**	**52,100**

Sections below include a presentation of loans and advances to customers, separately for each significant class of products and type of customers, by credit quality, whereby credit quality is defined as:

- Low risk – loans and advances to customers included in Stage 1;
- Medium risk – loans and advances to customers included in Stage 2;
- Substandard – loans and advances to customers included in Stage 3 with 0-180 days past due;
- Doubtful – loans and advances to customers included in Stage 3 with 181-360 days past due;
- Loss – loans and advances included in Stage 3 with more than 360 days past due.

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

i.1.3.1. Credit lines

The table below shows the credit quality and the exposure to credit risk from Credit lines type of loans granted, by the Group's probability of default, as at 30 June 2022.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	483,521	-	-	483,521
	Medium risk	-	47,243	-	47,243
above 400HA					
	Low risk	1,315,868	-	-	1,315,868
	Medium risk	-	204,897	-	204,897
others					
	Low risk	57,187	-	-	57,187
	Medium risk	-	3,765	-	3,765
Non-performing					
below 400HA					
	Substandard	-	-	7,951	7,951
	Doubtful	-	-	2,444	2,444
	Loss	-	-	5,254	5,254
above 400HA					
	Substandard	-	-	23,790	23,790
	Doubtful	-	-	2,140	2,140
	Loss	-	-	1,811	1,811
others					
	Substandard	-	-	610	610
	Doubtful	-	-	73	73
	Loss	-	-	11,202	11,202
Total GCA		**1,856,576**	**255,905**	**55,276**	**2,167,756**

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

Comparative information for 31 December 2021 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	326,048	-	-	**326,048**
	Medium risk	-	29,428	-	**29,428**
above 400HA					
	Low risk	1,149,635	-	-	**1,149,635**
	Medium risk		108,999	-	**108,999**
others					
	Low risk	42,226	-	-	**42,226**
	Medium risk	-	4,863	-	**4,863**
Non-performing					
below 400HA					
	Substandard	-	-	255	**255**
	Doubtful	-	-	633	**633**
	Loss	-	-	13,339	**13,339**
above 400HA					
	Substandard	-	-	-	
	Doubtful	-	-	88	**88**
	Loss	-	-	21,804	**21,804**
others					
	Substandard	-	-	17	**17**
	Doubtful	-	-	157	**157**
	Loss	-	-	14,095	**14,095**
Total GCA		**1,517,909**	**143,290**	**50,388**	**1,711,587**

The tables below summarise the ageing of Stage 2 and Stage 3 Credit lines granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2.
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging.

30 Jun 2022	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	193,859	3,335	16,535	7,611	210,394	10,946
90 dpd (for Stage 3)	-	-	101	101	101	101
Individual analysis	-	-	-	-	-	-
30 dpd (for Stage 2)	62,046	6,289	14,156	2,675	76,202	8,965
90 dpd (for Stage 3)	-	-	-	-	-	-
Total	**255,905**	**9,624**	**30,791**	**10,387**	**286,696**	**20,011**

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

Comparative information for the year ended 31 December 2021 is included below:

31 Dec 2021	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	81,256	1,053	10,112	5,270	91,368	6,323
90 dpd (for Stage 3)	-	-	3,137	2,095	3,137	2,095
Individual analysis						
30 dpd (for Stage 2)	61,258	8,527	12,583	2,571	73,841	11,098
90 dpd (for Stage 3)	-	-	-	-	-	-
Total	**142,514**	**9,580**	**25,832**	**9,936**	**168,346**	**19,516**

i.1.3.2. Capex

The table below shows the credit quality and the exposure to credit risk from Capex type of loans granted, by the Group's probability of default, as at 30 Jun 2022.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	40,687	-	-	40,687
	Medium risk	-	3,014	-	3,014
above 400HA					
	Low risk	107,358	-	-	107,358
	Medium risk	-	19,405	-	19,405
others					
	Low risk	26,113	-	-	26,113
	Medium risk	-	293	-	293
Non-performing					
below 400HA					
	Substandard	-	-	712	712
	Doubtful	-	-	45	45
	Loss	-	-	156	156
above 400HA					
	Substandard	-	-	376	376
	Doubtful	-	-	56	56
	Loss	-	-	94	94
others					
	Substandard	-	-	37	37
	Doubtful	-	-	131	131
	Loss	-	-	51	51
Total GCA		**174,158**	**22,713**	**1,659**	**198,530**

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Comparative information for 31 December 2021 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	29,245	-	-	**29,245**
	Medium risk	-	1,819	-	**1,819**
above 400HA					
	Low risk	93,103	-	-	**93,103**
	Medium risk	-	5,619	-	**5,619**
others					
	Low risk	17,522	-	-	**17,522**
	Medium risk	-	344	-	**344**
Non-performing					
below 400HA					
	Loss	-	-	607	**607**
above 400HA					
	Loss	-	-	1,736	**1,736**
others					
	Loss	-	-	217	**217**
Total GCA		**139,870**	**7,782**	**2,560**	**150,212**

The tables below summarise the ageing of Stage 2 and Stage 3 Capex loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2.
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging.

30 Jun 2022	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	17,834	321	611	380	18,445	700
90 dpd (for Stage 3)	-	-	-	-	-	-
Individual analysis						
30 dpd (for Stage 2)	4,878	165	103	39	4,981	203
90 dpd (for Stage 3)	-	-	-	-	-	-
Total	**22,713**	**485**	**714**	**418**	**23,426**	**904**

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

Comparative information for the year ended 31 December 2021 is included below:

31 Dec 2021	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	6,462	21	1,904	327	8,366	348
90 dpd (for Stage 3)	-	-	138	75	138	75
Individual analysis					-	-
30 dpd (for Stage 2)	1,320	133	129	39	1,449	171
90 dpd (for Stage 3)	-	-	-	-	-	-
Total	**7,782**	**154**	**2,171**	**365**	**9,952**	**519**

i.1.4. Modified 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 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 2022, the modified net exposure was of RON 12,291 thousand (31 December 2021: RON 8,626 thousand).

An analysis of the restructured loans and advances to customers as at 30 June 2022 and 31 December 2021, per types of loans, is presented in the table below:

	30 June 2022		31 December 2021	
	Capex	Credit lines	Capex	Credit lines
Collective analysis				
Stage 2	929	3,379	882	2,945
Stage 3	358	16,722	340	10,555
Collective expected credit losses	**343**	**10,217**	**215**	**8,029**
Total GCA for collectively analysed loans and advanced to customers	1,287	20,101	1,221	13,500
Individual analysis				
Stage 2	-	834	-	1,637
Stage 3	-	1,999	-	4,484
Individual expected credit losses	**-**	**1,369**	**-**	**3,974**
Total GCA for individually analysed loans and advanced to customers	-	2,833	-	6,121
Totals				
Total expected credit losses	343	11,586	215	12,003
Total gross exposure	1,287	22,934	1,221	19,621
Total net exposure	**943**	**11,348**	**1,007**	**7,619**

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for fifteen consecutive months or more.

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

i.2. Credit risk on financial assets other than loans and advances

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. Risk control assesses the credit quality of new customer before standard payment and delivery terms and conditions are offered and periodically for existing customers. Such assessments consider the financial position of the customer, the Group's past experience with that customer, external credit risk information where available and other relevant factors as the case may be. Individual risk limits are set based on internal analysis in accordance with limits set by the Board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

i.2.1. Individually significant exposures

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.

i.2.2. Trade and other receivables

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and 31 December 2021, respectively and the corresponding historical credit losses experienced within this period. Where relevant, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0%	2%	11%	54%	27%	83%	100%	
Trade receivables	1,100,855	31,196	5,055	689	5,221	4,150	19,696	1,166,862
ECL	2,124	776	554	372	1,424	3,446	19,696	28,392

Notes to the Condensed Consolidated Interim Financial Statements
Risk management

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

Comparative information as at 31 December 2021 is included below:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0%	2%	10%	21%	63%	69%	100%	
Trade receivables (restated)	545,576	10,337	10,057	3,340	5,509	159	17,132	592,110
ECL	2,240	255	991	697	3,491	110	17,132	24,916

ii. Market Risk

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

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

ii.1. Commodities price risk

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

Commodity Markets Outlook report issued by World Bank in April 2022 highlights the increase of prices of agricultural products and crop nutrition products due to the increase of input costs (energy) and due to production and trade disruptions generated by Russia's invasion of Ukraine. The war in Ukraine has caused major supply disruptions and led to historically high prices for several commodities. It affected the wheat and corn production in Ukraine and led to export quotas imposed by some countries. It led to higher freight and insurance costs due to Black Sea disruptions. It generated supply disruptions on the inputs side as Russia and Belarus are major producers and exporters of crop nutrition products and natural gas. In this context, for most commodities prices are expected to be significantly higher in 2022 than in 2021 and to remain high in the medium term.

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

The *World Bank's Crop nutrition products Price Index* rose nearly 10 percent in the first quarter of 2022. The increase follows last year's 80 percent surge due to supply disruptions, soaring input costs, and trade restrictions in China and Russia. Crop nutrition products prices are projected to rise by almost

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

70 percent in 2022 before easing in 2023. The price projection includes supply disruptions in Russia and Belarus, higher input costs, and a prolonging of Chinese export restrictions.

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

The Group's market position and financial stability allowed the Group to continue to serve its customers and build up stocks of both crop nutrition products and crop protection products in preparation for the 2022 autumn agricultural campaigns (refer to Note 14 for details on the Group's crop nutrition products and crop protection products inventory levels). As part of their risk mitigation strategies, a significant number of customers chose to secure their purchases by placing firm acquisition orders backed by prepayments.

ii.2. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on the net positions the Group can hold in foreign currencies, including foreign exchange positions of subsidiaries and both accounting and economic hedges. Such limits are especially relevant for the Agrifinance division, where part of borrowings from international financial institutions, other debt agreements and proceeds from issued bonds are EUR denominated. According to the limits set by the Group and to certain financial covenants imposed by borrowing agreements, the open foreign currency position within Agrifinace should not exceed 10% of its Total Capital. The Group's strategy is to monitor open foreign currency positions on a daily basis and apply hedging strategies to ensure it manages itself against currency risk. Positions are maintained within established limits by either balancing the assets and liabilities in the relevant currencies, or taking out foreign currency swaps or forwards and converting the exposures into RON.

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

	30 June 2022		31 December 2021	
	EUR	USD	EUR	USD
Assets				
Cash and bank balances	59,781	9	1,948	23
Loans and advances to customers	164,057	-	105,907	-
Trade and other receivables	2,973	942	2,984	-
Total assets	**226,811**	**952**	**110,839**	**23**
Liabilities				
Borrowings	205,772	17,080	129,585	-
Issued bonds	199,695	-	203,206	-
Trade and other payables	83,680	48,745	50,255	23,050
Total Liabilities	**489,146**	**65,826**	**383,045**	**23,050**
	-	-	-	-
Derivative financial instruments (notional)	149,846	-	205,487	-
Net financial position	**(112,490)**	**(64,874)**	**(66,719)**	**(23,027)**

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Risk management

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

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

	30 June 2022 *EUR strengthening by 3%*	30 June 2021 *EUR strengthening by 1.6%*
Gain / (loss) before tax of:	(3,517)	(868)
Equity	(3,037)	(788)

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

ii.3. Interest rate risk

The Group's main interest rate risk arises from the mismatch between the repricing frequency of loans and advances granted with variable rates, on the asset side, and the repricing frequency of borrowings together with the fixed rate bonds issued on the liabilities side. This mismatch exposes the Group to cash flow interest rate risk. The Group's strategy is to monitor and, depending on the market conditions and anticipated trends, partly hedge the risk of open repricing gap using floating-to-fixed interest rate swaps.

The bank borrowings contracted by the Group bear floating interest rate and fixed interest rate and are measured at amortised cost.

During 2021, the Group contracted a 5 year maturity 40 million EUR fixed rate bond. The proceeds were used to finance the loans granting activity of the Agrifinance division. The new bond increases the Group's exposure to both currency and interest rate risks.

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

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans and advances to customers	1,316,897	27,227	914,917	44,943	2,303,984
Other non-current receivables	-	-	(61)	9,286	9,225
Trade and other receivables	312,741	296,262	512,269	48,054	1,169,325
Cash and cash equivalents	131,524	-	-	-	131,524
Total financial assets	**1,761,162**	**323,489**	**1,427,124**	**102,283**	**3,614,058**
					-
Bank borrowings	1,077,964	925,030	174,727	312,361	2,490,081
Trade and other payables	230,403	199,232	427,936	-	857,572
Total financial liabilities	**1,308,367**	**1,124,262**	**602,663**	**312,361**	**3,347,653**
Interest repricing gap	**452,795**	**(800,773)**	**824,462**	**(210,078)**	**266,405**

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

Comparative information as at 31 December 2021 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans and advances to customers	801,259	(3,057)	992,180	18,059	1,808,440
Other non-current receivables	-	-	-	9,093	9,093
Trade and other receivables (restated)	21,712	32,443	526,398	7,510	588,063
Cash and cash equivalents	101,597	-	-	-	101,597
Total financial assets	**924,568**	**29,386**	**1,518,578**	**34,662**	**2,507,193**
Bank borrowings	689,845	689,999	95,225	201,801	1,676,870
Trade and other payables	81,939	25,463	317,269	-	424,671
Total financial liabilities	**771,784**	**715,462**	**412,494**	**201,801**	**2,101,541**
Interest repricing gap	**152,784**	**(686,076)**	**1,106,084**	**(167,139)**	**405,652**

Derivatives held by the Group for risk management purposes are fixed-for-fixed (i.e. both counterparties pay each other a fixed interest rate on the principal amount negotiated) and have no significant impact on the interest rate risk open position.

The gaps in up to one year risk bands are explained by the fact that 62% of the the Group's granted loans and advances to the customers bear floaring interest with 6M tenor base rates and monhtly repricing frequency. Remaining portfolio is either repriced with a six months frequence or bears fixed interest rates. The Group's bank borrowings bear floaring interest with 6M, 1M or 3M tenor base rates with repricing frequencies that match the tenor of the respective base rates. Such risk exposure is in the normal course of business for the Group.

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

	30 June 2022 *Interest rate (+160 b.p parallel shift)*	**30 June 2021** *Interest rate (+100 b.p parallel shift)*
Gain / (loss) before tax of:	(423)	383
Equity	(356)	322

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

This section includes information about the capital management practices within the Group as well as its dividend distribution policy.

9 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to:

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

In recent years it has been the Company's practice not to distribute dividends, except for specific instances mostly related to group restructuring activities. As the Company is more and more active on the capital markets and in order to manage its capital structure, it may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Net Debt Ratio. The Net Debt Ratio or gearing ratio is computed based on the consolidated financial statements and represents Total borrowings (including lease liabilities) less Cash and cash equivalents over Total equity, as follows:

#	item description	Reference/ Note	30-Jun-22	31-Dec-21 (restated)	30-Jun-21 (restated)
=(A+B-C)/D	**Net Debt Ratio**		**3.90**	**2.75**	**3.34**
A	Borrowings		2,490,081	1,676,870	1,816,072
B	Lease liabilities		16,389	13,499	16,456
C	Cash and cash equivalents		131,524	101,597	63,665
D	Total equity		608,355	577,676	529,958

Fluctuations in the net debt ratio follows the agricultural season as borrowings peak around June (refer to note 8).

Regulatory capital is monitored by the Agrifinance segment (Agricover Credit IFN), employing techniques based on the guidelines developed by the National Bank of Romania ("NBR") for supervisory purposes. The required information is filed with the NBR on a quarterly basis at individual Agricover Credit IFN level. Agricover Credit IFN complied with all externally imposed capital requirements throughout six-month period ended 30 June 2022 and 2021. Refer to the Agricover Credit IFN SA condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2022 for details regarding their calculation.

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

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

10 TRADE AND OTHER RECEIVABLES

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

Some trade receivables may have maturities higher than twelve months and include a significant financing component. Those are initially recognised at their fair value, estimated by discounting expected cash flows using a discount rate that reflects the rate that would be used in a separate financing transaction between the Group and its customer. Interest income resulting from the financing component is recognised over the expected maturity of the receivables using the effective interest rate method and is presented as finance income in the statement of comprehensive income.

Trade receivables that do not include a financing component are recognised initially at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or performing the promised services.

The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 8.i.2.

	30 June 2022	31 December 2021 (restated – note 4)
Trade receivables	1,584,719	812,786
Accrued commercial discounts	(417,855)	(220,677)
Trade receivables net of expected discounts	**1,166,863**	**592,109**
Less: allowance for trade receivables	(28,392)	(24,914)
Trade receivables – net	**1,138,471**	**567,195**
Receivables from related parties	25,766	19,922
Less: allowance for receivables from related parties	(537)	(537)
Receivables from related parties- net (note 16)	**25,229**	**19,385**
Other receivables	15,412	11,142
Less: allowance for other receivables	(563)	(563)
Other receivables - net	**14,849**	**10,579**
Total other receivables, net	**40,078**	**29,964**
Total, *of which:*		
current portion	1,121,283	579,023
non-current portion, *of which:*	57,267	18,135
Trade receivables	*48,042*	*9,042*
Receivables from related parties	*6,500*	*6,417*
Other receivables	*2,725*	*2,676*

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

11 BORROWINGS

	30 June 2022	31 December 2021
Non-current		
Bank borrowings	981,338	488,135
Issued bonds	196,907	196,923
Total non-current borrowings	**1,178,245**	**685,058**
Current		
Bank borrowings	1,309,048	985,530
Isued bonds	2,788	6,282
Total current borrowings	**1,311,836**	**991,812**
Total borrowings	**2,490,081**	**1,676,870**

Borrowings from banks and international financial institutions

Substantially 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. The carrying amounts of assets pledged as security are disclosed in note 17.

Borrowings from international financial institutions contracted within Agrifinance segment bear fixed or floating interest rates, can be denominated in RON or EUR and are uncollateralised. Geographical concentration is as follows:

Borrowings from:	30-Jun-22	31-Dec-21
Local banks	1,709,185	953,661
International financial institutions within European Union	480,880	401,839
International Investment Bank	82,565	95,644
International Finance Corporation	17,756	22,690
Issued bonds	199,695	203,036
Total borrowings	**2,490,081**	**1,676,870**

Under the terms of major borrowing facilities, the Group and its subsidiaries are 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 or currency risk ratios, etc.

Significant changes in the Group's borrowings are presented below:

	6M period ended 30 June 2022	Year ended 31-Dec-21
beginning of period	**1,676,870**	**1,469,981**
Withdrawals	3,885,140	4,390,956
Interest accrued during the period	58,702	63,831
Interest paid	(56,676)	(59,910)
Repayments	(3,068,931)	(4,153,650)
Transfers to discontinued operations	-	(40,379)
Foreign exchange rate effect	(5,024)	6,041
end of period	**2,490,081**	**1,676,870**

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

Issued bonds

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 bond is unsecured and includes certain financial covenants that the Group or its subsidiaries have to comply with.

Compliance with covenants

The Group has complied with the financial covenants when imposed by its borrowing facilities during six-month period ended 30 June 2022. Refer to Agricover Credit IFN SA condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2022 for details regarding their calculation. Non-compliance with financial covenants would result in the creditors having the right to early call the related facilities.

12 TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
Trade payables	862,395	402,419
Accrued discounts	(143,631)	(56,705)
Trade payables net of expected discounts	**718,764**	**345,714**
Payables to related parties (note 16)	95,263	41,007
Fixed assets suppliers	163	371
Dividends	4,462	1,569
Refund liability	12,904	10,459
Salaries and related taxes	17,742	21,797
Total other payables	**130,534**	**75,203**
Total	**849,298**	**420,917**
Other non financial liabilities		
Value added tax	7,966	3,399
Other current liabilities	308	354
	8,274	**3,754**
Total trade and other payables	**857,572**	**424,671**

Trade and other payables are unsecured and their carrying amounts are a reasonable approximation of their fair values, due to their short-term nature.

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

13 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the 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).

i. Financial instruments measured at fair value

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 condensed consolidated statement of financial position at the end of each reporting period.

	30-Jun-22		31-Dec-21	
	Level 2	Total	Level 2	Total
Financial assets at fair value:				
Derivative assets held for risk management	4,815	4,815	116	116

	30-Jun-22		31-Dec-21	
	Level 2	Total	Level 2	Total
Financial liabilities at fair value:				
Derivatives held for risk management	(928)	(928)	(1,275)	(1,275)

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.

The fair value of derivatives was estimated based on discounted cash flows model, using directly observable inputs (i.e.: market FX and interest rates).

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

ii. Financial instruments not measured at fair value but for which fair value is disclosed

The level in the fair value hierarchy into which the fair value measurements of financial assets and liabilities not measured at fair value but for which fair value is disclosed is categorized and presented in the table below. Fair value is disclosed for all financial assets and liabilities not measured at fair value and for which fair value is significantly different than the carrying amount.

30 June 2022	Level 1	Level 2	Level 3	Total	Carrying value
Loans and advances to customers					
Capex	-	-	195,176	195,176	195,176
Credit lines	-	-	2,100,922	2,100,922	2,108,811
	-	**-**	**2,296,098**	**2,296,098**	**2,303,987**
Trade and other receivables	-	-	45,122	45,122	48,042
Other non-current assets	-	-	8,496	8,496	9,225
Total assets	**-**	**-**	**2,349,716**	**2,349,716**	**2,361,254**
Issued bonds	**-**	**(196,648)**	**-**	**(196,648)**	**(199,695)**

Comparative information as at 31 December 2021 is presented below:

31 December 2021	Level 1	Level 2	Level 3	Total	Carrying value (restated)
Loans and advances to customers					
Capex	-	-	148,951	148,951	148,951
Credit lines	-	-	1,654,992	1,654,992	1,659,489
	-	**-**	**1,803,943**	**1,803,943**	**1,808,440**
Trade and other receivables	-	-	8,984	8,984	9,042
Other non-current assets	-	9,036	-	9,036	9,093
Total assets	**-**	**9,036**	**1,812,927**	**1,821,963**	**1,826,575**
Issued bonds	**(209,902)**	**-**	**-**	**(209,902)**	**(203,205)**

All other financial assets and liabilities in the Group's condensed consolidated statement of financial position, those that are not included in the table above and for which the fair value is not disclosed, have their fair values approximated by the carrying value.

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

Techniques and inputs used to determine level 2 and level 3 fair values

Fair value of **loans and advances to customers** was estimated as follows:

- fair value of floating rate loans and advances was approximated by their net carrying amount as credit risk impact is already accounting for through the allowance for expected credit losses;
- in estimating the fair value of fixed rate loans and advances the Group has discounted contractual cash flows. The discount rate was estimated for each exposure individually by adjusting the contractual fixed rate with the change in the relevant floating rate benchmarks (e.g. 3M or 6M ROBOR) between the grant date of each respective loans and the valuation date. The net present value was adjusted with the credit loss allowance in case of assets impaired at the valuation date.

The **issued bonds** were not actively traded during the reporting period. For disclosure purposes their fair value was estimated based on the latest ask price as published on the Bucharest Stock Exchange, where the bonds are listed. The valuation was accordingly reclassified from level 1 to level 2 in the fair value hierarchy (as at 31 December 2021 the fair value was measured with reference to their market price).

Fair value of **non-current trade and other receivables** was estimated by discounting expected cash flows over their expected maturity using a discount rate calculated as the average of market interest rates offered by local banks to their commercial customers for loans with similar characteristics generated in June (based on monthly reports published by the National Bank of Romania) and of interest rates offered by Agricover Credit IFN to its customers during the same period.

Fair value of **other non-current assets** was estimated by considering interest rates from borrowings contracted by the Group in 2022.

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

This section provides information about the Group's non-financial assets and liabilities, including specific information about:

- Inventories (note 14);
- Intangible assets (note 15);

and related material accounting information, judgement and estimates.

14 INVENTORIES

	30 June 2022	31 December 2021
Seeds	14	2,425
Crop nutrition products	160,252	46,799
Crop protection products	126,629	68,392
Total carrying amount of goods purchased for resale	**286,895**	**117,616**
Packaging, spare parts and other consumables	904	416
	287,799	**118,032**

Increase in inventories of crop nutrition products and crop protection products is driven by the turmoil and shortages on these markets. In this context the Company decided to timely secure inventories needed to meet the local demand for the 2022 autumn campaign (refer to Note 8 ii.1 for further details around commodities price risk).

15 INTANGIBLES

Intangibles of the Group are represented mainly by software licences acquired and by internally generated software.

The reconciliation of the carrying amount of each significant class of intangibles is presented below:

	Software licences	Internally generated software	Software in progress	Total
Gross book value	22,066	7,690	462	30,218
Accumulated amortisation	(11,748)	(214)	-	(11,962)
Net book value at 1 January	**10,318**	**7,476**	**462**	**18,256**
Additions	6,871	-	1,507	8,378
Disposals	-	-	-	-
Amortisation charge	(1,498)	(773)	-	(2,271)
Net book value at 30 June	**15,691**	**6,703**	**1,969**	**24,363**
Gross book value	28,937	7,690	1,969	38,596
Accumulated amortisation	(13,246)	(987)	-	(14,233)

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

Comparative information for 2021 is included below:

	Software licences	Internally generated software	Software in progress	Total
Gross book value	16,379	-	-	16,379
Accumulated amortisation	(11,407)	-	-	(11,407)
Net book value at 1 January	**4,972**	**-**	**-**	**4,972**
Additions	7,639	7,690	462	15,791
Transfer to assets held for distribution - cost	(1,830)	-	-	(1,830)
Disposals	(120)	-	-	(120)
Transfer to assets held for distribution - amortisation	973	-	-	973
Amortisation charge	(1,316)	(214)	-	(1,530)
Net book value at 31 December	**10,318**	**7,476**	**462**	**18,256**
Gross book value	22,066	7,690	462	30,218
Accumulated amortisation	(11,748)	(214)	-	(11,962)

Main additions of licenses are represented by the implementation of SAP 4Hana and the migration to the updated version of SAP starting January 2021. The new core system and operational modules are planned and expected to be live starting first semester of 2023.

In November 2021 the Group launched an online platform with the aim of providing its customers, through digital technologies, access to innovations within the industry. The platform facilitates sale of software as a service to the Group’s existing and new customers. It also integrates self-care type modules where the farmer can manage its commercial and financing relationships with the Agribusiness and, respectively, Agrifinance divisions of the Group.

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

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

16 RELATED PARTIES TRANSACTIONS

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

Category	Definition	Impact on the condensed consolidated interim financial statements
Parent of the Group	Individual / entity that controls the Group	the main shareholder of the Company is Mr. Kanani Jabbar.
Subsidiaries	entities controlled by the Company (refer to Note 1)	intragroup transactions and outstanding balances are eliminated, they do not form part of the condensed consolidated interim financial statements; consequently, such related party transactions and outstanding balances between group members are not disclosed under IAS 24 in the condensed consolidated interim financial statements.
Associates	entity over which the Company has significant influence	there are no significant transaction between the Group and its associates.
Joint ventures	joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement	not relevant for the condensed consolidated interim financial statements as the Group has no joint arrangements outstanding.
Key management	persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries,	there are no significant transactions between the Group and key management; key management compensation is disclosed below in this note.
Other related parties	related parties that do not fall under any of the above categories	significant transactions with other related parties are disclosed below in this note.

Ultimate controlling party

The ultimate beneficial owner of the Group is Mr. Kanani Jabbar, who owns 87,269% of the share capital of the Company (31 December 2021: 87,269%). EBRD is the other major shareholder of the Company, owning 12.727% of its share capital (31 December 2021: 12.727%).

Key management compensation

During six-month period ended 30 June 2022 the expense recognised for compensation granted to key management personnel amounts to RON 8,835 thousand (six-month period ended 30 June 2021: RON 6,148 thousand). It represents short term benefits, including monthly salaries and performace

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

bonuses, and share-based compensation. There are no other types of benefits granted by the Group to key management.

Transactions with related parties

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

	30 June 2022	30 June 2021
Sales to other related parties:	**7,175**	**8,471**
Sale of services	693	7
Sale of goods	6,482	8,464
Acquisitions from other related parties:	**47,823**	**44,306**
Purchase of services	-	96
Purchase of goods	47,823	44,210

Outstanding balances arising from transactions with related parties

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

	Note	30 June 2022	31 December 2021
Receivables from other related parties:		**26,347**	**19,385**
Trade and other receivables	10	25,229	19,385
Finance lease receivables		1,118	-
Payables to related parties:		**95,263**	**41,007**
Trade and other payables	12	95,263	41,007
Commitments to other related parties			
Letters of guarantees issued	18	6,000	-

17 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	30 June 2022	31 December 2021
Current assets		
Loans and receivables	1,265,979	1,226,885
Trade and other receivables	233,876	97,691
Inventories	95,955	112,827
Non-current assets		
Loans and receivables	493,961	117,179

Pledges on inventories are periodically renewed to include the value of all inventories as at each specific renewal date. In the table above the Group includes the lower of the value of pledged inventories as per the latest renewal agreement and the value of inventories as at the reporting date, as there are no restrictions on the Group's access to such inventories or its right to sell pledged inventories in the normal course of the business.

18 COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event that the customer cannot meets its contractual payment obligations. Guarantees and standby letters of credit carry a similar credit risk to loans. As at 30 June 2022, the Group has issued guarantee letters with expiry period within 1 year with a total nominal value of RON 6,000 thousand (31 December 2021: nil).

Commitments

To meet the financial needs of customers, the Group enters into various revocable and irevocable commitments to lend and similar contingent liabilities. Even though these obligations may not be recognised on the condensed consolidated statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Group (qualitative and quantitative details regarding risk management practices of the Group are detailed in note 8.i).

The Group designed for and offers to farmers a new product range consisting of loans with a Mastercard credit card attached, addressed to legal entities active in the agricultural sector. As at 30 June 2022 total irrevocable commitments under the credit cards amounted to 65.5 million RON, of which 18.7 million RON were utilised.

Except for the credit card related limits detailed above, the Group does not grant irrevocable commitments. Under uncommitted credit lines it is the Group's policy to approve any withdrawals, based on an analysis of the applicant, including of developments after the initial approval of the limit. The analysis done by the Group for withdrawal purposes is more simplified in extent and nature as compared to the initial granting moment of the credit line. As at 30 June 2022 the undrawn balance of the credit lines granted by the Group amounts to 287.8 million RON (31 December 2021: 185.5 miilion RON).

Contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its general operations and specifically to its financing activity as carried out through its Agrifinace division. As a result, it is involved in various litigations and legal proceedings arising in the ordinary course of the its business. Management of the Group considers that these litigations will not have a significant impact on the operations or on the financial position of the Group.

19 EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period.

KPMG Audit SRL
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Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Shareholders,

Agricover Distribution S.A.

Introduction

We have reviewed the accompanying condensed statement of financial position of Agricover Distribution S.A. ("the Company") as at 30 June 2022, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial statements ("the condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 interim financial statements based on our review.

The condensed interim financial statements have been digitally signed with a qualified electronic signature on 19 August 2022 by GP SERVICESS & COMMERCE SRL by permanent representative Pinca Gheorghe Eugen, in its capacity of President of the Board of Directors of the Company at hour: 11, min: 14, sec: 41.

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 the condensed 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.

Fiscal registration code RO12997279
Trade Registry no.J40/4439/2000
Share Capital 2,000 RON

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the six-month period ended 30 June 2022 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 Giurcaneanu

AURA STEFANA GIURCANEANU

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

KPMG Audit SRL

KPMG Audit SRL

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

Bucharest, 19 August 2022

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 DISTRIBUTION SA

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

Prepared in accordance with IAS 34 Interim Financial Reporting

Contents

Condensed Statement of Financial Position as at

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

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

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

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

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

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

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

Daniela Dumitrache
Chief Financial Officer

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

Digitally signed by
Gheorghe-Eugen Pinca
Date: 2022.08.19 11:14:41

Condensed Statement of Changes in Equity

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

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

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

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

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

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

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

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

1 GENERAL INFORMATION

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

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

2 BASIS OF PREPARATION

Compliance statement

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

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

Historical cost convention

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

Consistent application of accounting policies

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

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

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

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

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

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

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

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

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

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

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

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

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

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

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

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

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

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

• Definition of Accounting Estimate – Amendments to IAS 8

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

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

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

• IFRS 17 Insurance Contracts

Functional and presentation currency

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

Going concern

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

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

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

3 REVENUE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Condensed Interim Financial Statements
Financial performance

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

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

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

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

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

4 FINANCE EXPENSES

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

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

5 BREAKDOWN OF EXPENSES BY NATURE

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

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

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

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

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

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

6 FINANCIAL RISKS MANAGEMENT

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

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

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

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

i. Credit risk

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

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

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

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

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

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

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

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

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

ii. Market Risk

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

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

ii.1. Commodities price risk

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

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

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

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

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

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

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

ii.2. Currency risk

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

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

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

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

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

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

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

ii.3. Interest rate risk

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

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

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

As at 30 June 2022

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

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

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

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

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

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

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

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

7 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

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

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

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

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

8 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

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

9 BORROWINGS

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

Bank borrowings

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

10 TRADE AND OTHER PAYABLES

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

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

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

11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Fair value of trade and other receivables

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

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

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

Fair value of financial liabilities

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

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

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

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

12 INVENTORIES

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

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

Notes to the Condensed Interim Financial Statements
Other information

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

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

13 RELATED PARTIES TRANSACTIONS

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

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

Ultimate controlling party

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

Key management compensation

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

Share-based payments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transactions with related parties

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

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

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

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

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

Outstanding balances arising from transactions with related parties

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

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

14 EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period.

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

To the Shareholders,
Agricover Credit IFN S.A.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agricover Credit IFN S.A. as at 30 June 2022, the condensed consolidated statements of profit or 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 the 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 the condensed consolidated interim financial statements based on our review.

The condensed consolidated interim financial statements have been signed with a qualified electronic signature by Mr. Stefan Doru Bucataru, permanent representant of Veldtster INC, in his capacity of Administrator, on Year: 2022, Month: August, Day: 17 Hour: 21, Min: 33, Sec: 50 and by Ms. Mihaela-Denisa Manoliu, in her capacity of Leader, Chief Financial Officer of Company Agricover Credit IFN S.A., on Year: 2022, Month: August, Day: 17 Hour: 18, Min: 16, Sec: 45.

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 the 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.

Fiscal registration code
RO12997279
Trade Registry no J40/4439/2000
Share Capital 2,000 RON

VS

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying the condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2022 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.:

SERBAN VALENTIN	**KPMG Audit SRL**
V Serban	KPMG Audit SRL
registered in the electronic public register of financial auditors and audit firms under no AF5154	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 18 August 2022

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: ŞERBAN VALENTIN
Registrul Public Electronic: AF5154

Autoritatea Pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: KPMG AUDIT S.R.L.
Registru Public Electronic: FA9

AGRICOVER CREDIT IFN SA

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED

30 JUNE 2022

Prepared in accordance with
IAS 34 Interim Financial Reporting as adopted by the European Union

Contents

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

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

	Note	2022	2021
Interest income		125,119	87,962
Interest and similar expenses		(54,947)	(31,247)
Net interest income	3	**70,172**	**56,715**
Net credit losses	4,8	(10,399)	(1,572)
Net interest income after credit losses		**59,773**	**55,143**
Fee and commission income		7,035	3,640
Fee and commission expense		(180)	(48)
Net fee and commission income	5	**6,855**	**3,592**
Other operating income		407	296
General and administrative expenses	6	(28,657)	(21,558)
Other operating expenses		(1,658)	(839)
Net gain/(loss) from derivative financial instruments		923	(3,279)
Net foreign exchange translation result		(45)	81
Profit before taxes		**37,598**	**33,435**
Income tax expenses	7	(6,173)	(4,977)
Profit for the period		**31,426**	**28,458**
Other comprehensive income for the period			
Total Comprehensive income for the period		**31,426**	**28,458**
Profit attributable to:			
- Equity holders of the company		29,603	27,645
- Non controlling interest		1,823	814
Profit for the period		**31,426**	**28,458**
Total comprehensive income attributable to:			
- Equity holders of the company		29,603	27,645
- Non controlling interest		1,823	814
Total comprehensive income for the period		**31,426**	**28,458**

Condensed Consolidated Statement of Financial Position
as at

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

	Note	30 June 2022	31 December 2021
Assets			
Cash and cash equivalents		127,831	90,699
Derivative assets held for risk management	12	4,815	116
Loans and advances to customers	8	2,532,492	1,943,480
Other financial assets		2,423	3,099
Other assets		1,680	2,040
Deferred tax assets		4,571	2,991
Intangible assets	13	9,837	5,718
Property, plant and equipment		6,165	3,959
Total Assets		**2,689,814**	**2,052,102**
Liabilities			
Derivative liabilities held for risk management	12	928	1,275
Borrowings	10	2,237,853	1,633,827
Other financial liabilities	11	14,305	16,268
Current tax liabilities		5,245	1,424
Provision for off balance sheet commitment		831	379
Total Liabilities		**2,259,161**	**1,653,173**
Equity			
Share capital		117,925	117,925
Retained earnings		290,722	261,119
Legal and other reserves		18,676	18,378
		427,323	**397,422**
Non-controlling interests		3,330	1,507
Total equity		**430,653**	**398,929**
Total equity and liabilities		**2,689,814**	**2,052,102**

Approved for issue and signed on behalf of the Board of Directors on 17.08.2022

Stefan Doru Bucataru permanent representat of Veldtster INC — Denisa Manoliu

Administrator — Chief Financial Officer

Digitally signed by
Stefan Doru Bucataru
Date: 2022.08.17 21:33:50

Digitally signed by
Mihaela-Denisa Manoliu
Date: 2022.08.17 18:16:45

Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June

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

	Attributable to owners of Agricover Credit IFN SA						
	Share capital	Legal reserves	Other reserves	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
at 1 January 2022	**117,925**	**17,440**	**938**	**261,119**	**397,422**	**1,507**	**398,929**
Profit for the period				29,603	29,603	1,823	**31,426**
Total comprehensive income for the period				**29,603**	**29,603**	**1,823**	**31,426**
Share option plan (note 14)			298		**298**		**298**
Total transactions with owners in their capacity as owners			**298**	**-**	**298**	**-**	**298**
Balance at 30 June 2022	**117,925**	**17,440**	**1,237**	**290,722**	**427,323**	**3,330**	**430,653**

	Attributable to owners of Agricover Credit IFN SA						
	Share capital	Legal reserves	Other reserves	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
at 1 January 2021	**117,925**	**14,135**	**938**	**208,790**	**341,789**	**282**	**342,072**
Profit for the period				27,645	27,645	814	**28,459**
Total comprehensive income for the period				**27,645**	**27,645**	**814**	**28,459**
Total transactions with owners in their capacity as owners				**-**	**-**	**-**	**-**
Balance at 30 June 2021	**117,925**	**14,135**	**938**	**236,435**	**369,434**	**1,096**	**370,530**

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

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

	Note	2022	2021
Operating activities			
Interest received		55,421	44,564
Interest paid		(52,931)	(29,111)
Brokerage fees cashed		6,337	2,860
Staff costs paid		(21,395)	(17,038)
Payments to suppliers		(13,050)	(10,918)
Other receivables cashed		(2,438)	1,630
Net disbursements of loans and advances to customers		(530,905)	(305,392)
Net cash flow used in operating activities before income tax		**(558,961)**	**(313,405)**
Income pax paid		(3,931)	(2,614)
Net cash flow used in operating activities		**(562,892)**	**(316,019)**
Investing activities			
Purchase of equipment and intangible assets		(4,869)	(1,267)
Net cash flow used in investing activities		**(4,869)**	**(1,267)**
Financing activities			
Withdrawals from borrowings		3,674,094	845,197
Repayment of borrowings		(3,068,931)	(552,669)
Net cash flows generated from financing activities		**605,163**	**292,528**
Exchange (losses) / gains on cash and cash equivalents		(270)	628
Net increase in cash and cash equivalents		**37,132**	**(24,130)**
Cash and cash equivalents at 1 January		90,699	87,237
Cash and cash equivalents at 30 June		**127,831**	**63,107**

This section includes general information about the Group and its structure as well as material accounting policy information that relate to the condensed consolidated interim financial statements as a whole. Material accounting policy information and related estimates, judgements and assumptions in the application of those policies specific to a particular item are those applied in the Consolidated financial statements as at and for the period ended 31 December 2021.

1 GENERAL INFORMATION

Agricover Credit IFN SA (hereinafter referred to as "the Company") provides lending services to agricultural customers and, through its Subsidiary Clubul Fermierilor Romani Broker de Asigurare SRL ("the Subsidiary "), brokerage services in the field of agricultural insurance intermediation. As at 30 June 2022 the Company owns 51% of the Subsidiary (31 December 2021: 51%).

Agricover Credit IFN SA Group (hereinafter referred to as „the Group" or "Agricover") comprises of Agricover Credit IFN SA and the Clubul Fermierilor Romani Broker de Asigurare SRL, set up by the Company during 2011. Agricover Credit IFN SA is the parent company of the Group and is subject to consolidation as a subsidiary of Agricover Holding SA Group.

The Company is a joint stock entity and is incorporated and domiciled in Romania, having its registered office at 1B Pipera Blvd, Voluntari, Ilfov, Romania. The Group's shareholders are AGRICOVER HOLDING SA (99.999998%) and AGRICOVER DISTRIBUTION SA (0.000002%). The ultimate controlling party of the Group is Mr. Jabbar Kanani.

The Group offers four main categories of products: short term credit lines for working capital, discounting operations (denominated in RON), medium- or long-term loans for financing investment projects (capex products denominated in RON or EUR), and medium or long term loans for working capital. These financing facilities are designed for farmers and have various tailored maturities which are usually correlated with the harvesting and sale of crops periods. Working capital is for the most part short term but another product with extended maturity of up to 10 years has been launched in March 2017. Discounting operations have maturities of maximum 12 months while most Capex products have 2 to 5 years maturities with two yearly annuity payments and bear floating interest rate (interest is either payable on a monthly basis or capitalized monthly and payable with the principal instalments – usually two instalments per year).

The Subsidiary's activity is represented by brokerage of insurance policies, including but not restricted to policies related to collaterals took over by the Company for granted loans and advances.

2 BASIS OF PREPARATION

Compliance statement

The condensed consolidated interim financial statements of the Group have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2021 ('last annual financial statements').

They do not include all the information required for a complete set of consolidated financial statements prepared in accordance with the International Financial Reporting Standard adopted by the European Union ("IFRS"). However, selected explanatory notes are included to explain the changes in the

Group's financial position and performance as of the last annual financial statements.

Historical cost convention

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which are carried at fair value.

Consistent application of accounting policies

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

- expected credit losses on loans and advances to customers – note 8;
- forward looking scenarios considered in the Group's calculation of expected credit losses on loans and advances to customers – note 8;

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

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

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

- ***Amendment to IFRS 16, "Leases"-*** COVID-19 related rent concessions Extension of the practical expedient

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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

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

- ***Reference to the Conceptual Framework – Amendments to IFRS 3***

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

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

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

- ***Annual Improvements to IFRS Standards 2018–2020***
    - *IFRS 9 Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
    - *• IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.*
    - *• IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.*
    - *• IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring* fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

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

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

The Group has not early adopted any of the forthcoming new amended standards effective for annual periods beginning after January 1st, 2022, in preparing these condensed consolidated interim financial statements.

Functional and presentation currency

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

Going concern

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 these condensed consolidated interim financial statements are prepared on this basis.

Notes to the Condensed Consolidated Interim Financial Statements
Financial Performance

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

This section provides information about the financial performance of the Group. The section covers, as applicable, changes or new aspects, as compared to the last annual financial statements, regarding material accounting policy information with a focus on those areas where IFRS either allow a choice or do not deal with a particular type of transaction, and significant judgements and estimates made in relation to particular items with significant impact on financial performance.

3 NET INTEREST INCOME

The Group offers a range of financing products, including working capital and investment loans tailored to the needs of the farmers. To finance its loans granting activity, the Group has access to a diverse range of capital sources, including debt agreements with international financial institutions, local banks and related parties.

All interest income and expenses are measured and recognised using the effective interest method, as prescribed by IFRS 9.

Significant components of interest income and expense as included in the profit or loss for the six-month period ended June 2022 and June 2021 are presented below:

	June 2022	June 2021
Interest Income		
Credit lines	107,772	78,416
Factoring	9,214	3,873
Capex	7,986	5,653
	124,973	**87,942**
Other interest income	147	20
Interest Expense	(54,947)	(31,247)
Net interest income	**70,172**	**56,715**

As of June 2022, interest income recognised on impaired financial assets amounts to RON 3,291 (June 2021: RON 1,407).

4 NET CREDIT LOSSES

Credit losses on financial assets are represented by the movements in expected credit losses calculated for existing and new loans, advances to customers (such movements are detailed in Note 8). Net credit losses include also expected credit losses on off balance sheet commitments and guarantees granted by the Group (refer to Note 16), as follows:

	June 2022	June 2021
Net credit losses on loans and advances to customers	(9,947)	(1,570)
Net credit losses on commitments and guarantees	(452)	(2)
Total net credit losses	**(10,399)**	**(1,572)**

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

5 OTHER SIGNIFICANT EXPENSES AND INCOME

Net fee and commission income

Fee and commission income mainly represents commission income for brokerage of insurance products. Brokerage fees are generally recognised on an accrual basis when the service has been provided, i.e. when the policy is written and the premium is cashed.

	June 2022	June 2021
Insurance brokerage commission	7,035	3,640
Fee and commission expense	(180)	(48)
Net fee and commission income	**6,855**	**3,592**

6 GENERAL AND ADMINISTRATIVE EXPENSES

Breakdown of significant general and administrative expenses is included below:

	June 2022	June 2021
Employees' cost	(19,821)	(16,098)
Depreciation	(1,550)	(1,149)
Advertising expenses	(950)	(188)
Fuel expenses and maintenance	(688)	(439)
Consulting and audit expenses	(677)	(867)
Software expenses	(648)	(450)
Protocol expenses	(340)	(289)
Other administrative expenses	(3,984)	(2,078)
Total	**(28,657)**	**(21,557)**

As at 30 June 2022 Agricover Credit IFN S.A employs 181 people (31 December 2021: 179). As at 30 June 2022 Clubul Fermierilor Romani Broker de Asigurare SRL employs 34 people (31 December 2021: 31). The increase in other administrative expenses is generated by services performed by third parties for ongoing projects (e.g. Card “Fermier”, SAP migration, self-care)

The fee for the interim review services as of 30 June 2022 has been 11,000 EUR, equivalent plus VAT. The fee for the audit of the statutory financial statements for the year ended 31 December 2021 has been 80,500 EUR, equivalent plus VAT. The fee for the non-audit services rendered by the statutory auditor for financial year 2021 has been 13,000 EUR, equivalent plus VAT.

7 CURRENT INCOME TAX

The Group’s consolidated effective tax rate for the six months ended 30 June 2022 was 16.4% (six months ended 30 June 2021: 14.9%). The change in effective tax rate was caused mainly by the change in the taxation regime applicable to Clubul Fermierilor Romani Broker de Asigurare, the Company’s subsidiary. Beginning with the third quarter of 2021 CFRO Broker pays income tax at a tax rate of 16%. Prior to that, including during the 6 month-period ended 30 June 2021, instead of income tax it paid a levy of 1% on its turnover.

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

This section presents risks arising from financial instruments to which the Group is exposed if significant changes in exposures or in the way that those risks are managed occurred during the interim period, including specific information about:

- credit risk, presenting changes in estimates and additional drought related estimates;
- market risk, presenting the Group's exposure to foreign exchange and interest rate risks in consideration of the volatile macroeconomic environment, with increasing interest rates and weaking of the EUR against the US dollar.

Practices and patters around liquidity risk management remain similar to the ones disclosed in the Group's last annual financial statements.

8 FINANCIAL RISKS MANAGEMENT

The Group's strategy for growth and development has the farmers and their needs at its core. The Group's aim is to support its clients in achieving their potential and, in the process, to support the Romanian agriculture in its important role in the European and global food chain. With that in mind the Group have perfected a business model which follows the seasonality of the agricultural year and financing both working capital and investment needs of the farmers.

This business model involves taking on and managing financial risks in a targeted manner. 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 related 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.

Under policies approved by the Board of Directors and in collaboration with the risk and finance departments the risk management is carried out by the following committees:

- Credit Risk Committee;
- Management Committee;
- Assets Liabilities Committee;
- Collection Committee;
- Monthly Analysis of the Results Committee;
- Audit Committee;
- Management of Significant Risks Committee ("CARS")

The Group internal audit function, including the audit committee of three independent members all with significant financial experience and at least one with accounting background, is responsible for the independent review of the risk management and the internal control environment.

The Group's risk management policies are consistent with those disclosed in the last annual financial statements.

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

i. 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.

Credit risk arises mainly from loans and advances and loan commitments granted by the Group but can also arise from other sources such as financial guarantees as well as from other transactions with counterparties giving rise to financial assets.

Credit risk is the largest financial risk for the Group's business. The Group's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the condensed consolidated statement of financial position.

i.1. Forward-looking information incorporated in the ECL model

The Group incorporates forward-looking information into the measurement of expected credit losses ("ECL"). External information considered includes economic data and forecasts published by National Commission for Strategy and Prognosis, forecast for 2022.

The Group has identified the macro-economic key drivers of credit risk using an analysis of most recent 7 years historical default data and their respective correlation with macro-economic variables. 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 Group's exposure to loans and advances granted.

The following related scenarios were used in the calculation of expected credit losses:

	base scenario	optimistic scenario	pessimistic scenario
30 June 2022			
Contribution of Agriculture in GDP	0.4% decline	15% growth	20% decline
scenario weight	15%	5%	80%
31 December 2021			
Contribution of Agriculture in GDP	3% growth	15% growth	30% decline
scenario weight	15%	5%	80%
30 June 2021			
Contribution of Agriculture in GDP	14% growth	15% growth	9% decline
scenario weight	50%	20%	30%

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

Significant estimate – forward looking scenarios

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. In the application of the probability weighted scenarios the management estimated that the Agriculture sector gross domestic product for 2022 would decresse with 15.3% compared with 2021.

The following are sensitivities of the results to reasonably possible alternatives to the management's best estimates:

- As of June 2022, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 0.8 million RON
- As of June 2022, if the optimistic scenario was assigned a probability of 100%, the allowance account would have decreased by 5.06 million RON
- As of June 2022, if the base scenario was assigned a probability of 100%, the allowance account would decreased by 2.9 million RON
- For 2021, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 0.7 million RON
- For 2021, if the optimistic scenario was assigned a probability of 100%, the allowance account would have decreased by 2.9 million RON
- For 2021, if the base scenario was assigned a probability of 100%, the allowance account would decreased by 2.1 million RON

The Group constantly monitors the local, regional and global macroeconomic developments and assesses posible impacts of recent or foreseen developments on its business. In order to address possible negative efects of general inflation, surging commodity prices and drought on the default rates, the Group recognised as at 30 June 2022 the following management overlays:

- increased commodity prices impact the Group's clients directly (e.g. increased costs with fuel) or indirectly (e.g. oil, gas and electricity represent significant inputs in the production of both fertilisers and crop protection products). To identify clients that are more vulnerable to increased inputs prices the management has considered those clients with a significant increase in credit risk since initial recognition (i.e. classified as Stage 2 as at 30 June 2022) with a high indebtness per productive unit (i.e. debt per hectar was considered). For such exposure the Group recognised additional expected credit losses of 3.5 million RON. If the indebtness rate considered would have been 10% higher or lower the resulting allowance would have been (0.8 million RON lower respectively 0.9 million RON higher);
- general economic context and its impact on agriculture might lead to decreases in the values of assets held as collateral by the Group (refer to note below for the type of assets held as collateral and their valuation). To account for such possible decreases the Group has stressed the haircuts applied to the fair values of collaterals as part of the expected credit losses estimation process. The additional allowance booked based on the weighted average of scenarios considered amounts to 2.1 million RON. The managements does not expect higher losses from decreased value of assets held as collateral as the Group is in a strong position to execute its collateral due to its close relationships with large and medium farmers across the country;

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

- drought impact on spring crops – mostly maize – will affect, as per management assessment, income of the Group's clients, depending on their irrigation practices and mix of crops (between spring and autumn crops). To account for the impact of drought the Group has considered the following:
  - ✓ exposures to clients located in areas significantly affected by the drought, as based on periodic reports issued by the National Meteorological Administration (i.e. Administrația Națională de Meteorologie – "ANM");
  - ✓ crops structure of impacted clients whereby based on market conditions as at the date of the condensed consolidated interim financial statements the management has estimated that drought related losses on maize crops would be offset by gains on autumn crops for clients with at least 65 to 75% autumn crops in portfolio, depending on the severity of drought in respective areas;
  - ✓ financial standing of the drought impacted clients, as perceived by the Group, whereby the management assessed that clients with a strong financial positions (as based on their latest financial information) are not significantly impacted by the drought, especially when it arrives after the record production levels in 2021;
  - ✓ irrigation practices of clients (clients which irrigate more than 30% of the operated areas were assessed to no have been significantly impacted by the drought)

After considering the above criteria and the 2020 drought experience, maize crops financing to clients a lower credit quality and with operations in drought impacted areas and with 50% or more maize crops in their portfolio, totalling 112 million RON were assessed by the managment as having a significant increase in credit risk. The additional allowance booked by the management to account for the impact of the drought on spring crops amounts to 2 million RON.

i.2. Collateral and other credit enhancements

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

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

The valuation methodologies for different types of collaterals is consistent with that presented in the Group's last annual financial statements.

Information about the fair value of the collateral used in the ECL measurement as at 30 June 2022 is as follows (fair value of the guarantee is limited to the exposure value):

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralised by:				
Mortgage	74,746	757,160		**831,906**
Pledge on equipment	92,837	17,954		**110,791**
Pledge on stock		17,670		**17,670**
Total value of collaterals	**167,583**	**792,784**		**960,367**
Gross loans and advances granted	198,530	2,171,813	225,357	2,595,700

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

Comparative information as at 31 December 2021 is as follows:

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralised by:				
Mortgage	67,028	679,261		**746,289**
Pledge on equipment	66,227	17,786		**84,013**
Pledge on stock		164,994		**164,994**
Total value of collaterals	**133,255**	**862,041**	-	**995,296**
Gross loans and advances granted	150,210	1,714,050	133,748	1,998,009

As at 30 June 2022, the Group has no asset (land or other) obtained by taking possession of collateral held as security (31 December 2021: nil) as a result of foreclosure procedures. Repossessed assets (generally represented by inventories – agricultural products) are sold as soon as practicable.

i.3. Loss Allowance

The increase in the expected credit losses for exposures classified as Stage 2 is linked to the management overlay booked by the Group to account for increased cost of inputs (e.g. fertilisers, crop protection products, fuel) and drought, as detailed above.

The following tables explain the changes in the loss allowance between the beginning and the end of June 2022:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL at 1 Jan 2022	**10,339**	**9,901**	**34,289**	**54,529**
New assets originated	11,199			11,199
Increase of existing assets	4,378	2,540	1,527	8,445
Assets derecognized or repaid (excluding write off)	(6,268)	(20)	(3,410)	(9,697)
Transfers from Stage 1	(1,103)	1,103		
Transfers from Stage 2		(3,161)	3,161	
Transfers from Stage 3				
Amounts written off			(1,268)	(1,268)
ECL at 30 June 2022	**18,544**	**10,363**	**34,301**	**63,208**

Comparative information for the year ended 31 December 2021 is included below:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL at 1 Jan 2021	**10,365**	**6,113**	**34,922**	**51,400**
New assets originated	8,303			8,303
Increase in value of existing assets	2,036	11,838	1,311	15,185
Assets derecognized or repaid (excluding write off)	(10,325)	(4,860)	(5,174)	(20,359)
Transfers from Stage 1	(58)	58		
Transfers from Stage 2	18	(8,161)	8,339	
Transfers from Stage 3		4,913	(4,913)	
Amounts written off			(196)	(196)
ECL at 31 Dec 2021	**10,339**	**9,901**	**34,289**	**54,529**

The Group originated a credit-impaired loan with an outstanding nominal value of 4.9 million RON and

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

a related allowance of 1.5 million RON as at 30 June 2022 (no credit-impaired financial assets were purchased or originated during 2021). For the purpose of these credit risk related disclosures the loan is classified as Stage 3.

Significant changes in the gross carrying amount ("GCA") of loans and advances that contributed to changes in the respective loss allowance were as follows:

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2022	**1,791,695**	**153,089**	**53,225**	**1,998,009**
New assets originated	**798,110**			798,110
Increase of existing assets	234,890	27,273	4,904	267,067
Assets derecognized or repaid (excluding write off)	(459,346)	(1,233)	(5,638)	(466,218)
Transfers from Stage 1	(122,525)	122,525		
Transfers from Stage 2		(5,986)	5,986	
Transfers from Stage 3				
Amounts written off			(1,268)	(1,268)
GCA at 30 June 2022	**2,242,824**	**295,667**	**57,209**	**2,595,700**

Comparative information for the year ended 31 December 2021 is included below:

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2021	**1,497,610**	**141,784**	**55,298**	**1,694,692**
New assets originated	1,769,464			1,769,464
Increase of existing assets	459,744	89,323		549,067
Assets derecognized or repaid (excluding write off)	(1,932,212)	(72,478)	(10,329)	(2,015,019)
Transfers from Stage 1	(5,136)	5,136		
Transfers from Stage 2	2,225	(23,478)	21,253	
Transfers from Stage 3		12,801	(12,801)	
Amounts written off			(196)	(196)
GCA at 31 Dec 2021	**1,791,695**	**153,089**	**53,225**	**1,998,009**

Loans and advances by type of product, stage classification and type of credit risk assessment are detailed below:

30 June 2022	Capex		Credit lines		Factoring	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Collective analysis						
Stage 1	174,158	1,996	1,860,633	16,167	208,033	381
Stage 2	17,834	321	193,859	3,335	15,535	88
Stage 3	1,172	832	39,943	29,312	274	274
Individual analysis						
Stage 2	4,878	165	62,046	6,289	1,515	165
Stage 3	487	40	15,333	3,842		
Total	**198,530**	**3,354**	**2,171,813**	**58,945**	**225,357**	**909**

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

Comparative information for the year ended 31 December 2021 is included below:

31 Dec 2021	**Capex**		**Credit lines**		**Factoring**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Collective analysis						
Stage 1	139,869	343	1,520,369	9,258	131,457	738
Stage 2	6,462	21	81,973	1,060	1,104	1
Stage 3	2,432	725	34,261	27,134	275	275
Individual analysis						
Stage 2	1,320	133	61,317	8,531	913	154
Stage 3	129	39	16,128	6,117		
Total	**150,212**	**1,259**	**1,714,049**	**52,100**	**133,748**	**1,169**

Sections below include a presentation of loans and advances to customers, separately for each significant class of products and type of customers, by credit quality, whereby credit quality is defined as:

- Low risk – loans and advances to customers included in Stage 1;
- Medium risk – loans and advances to customers included in Stage 2;
- Substandard – loans and advances to customers included in Stage 3 with 0-180 days past due;
- Doubtful – loans and advances to customers included in Stage 3 with 181-360 days past due;
- Loss – loans and advances included in Stage 3 with more than 360 days past due.

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

i.3.1. Credit lines

The table below shows the credit quality and the exposure to credit risk from Credit lines type of loans granted, by the Group's probability of default, as at 30 June 2022.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	483,521			**483,521**
	Medium risk		47,243		**47,243**
above 400HA					**-**
	Low risk	1,319,925			**1,319,925**
	Medium risk		204,897		**204,897**
others					**-**
	Low risk	57,187			**57,187**
	Medium risk		3,765		**3,765**
Non-performing					**-**
below 400HA					**-**
	Substandard			7,951	**7,951**
	Doubtful			2,444	**2,444**
	Loss			5,254	**5,254**
above 400HA					**-**
	Substandard			23,790	**23,790**
	Doubtful			2,140	**2,140**
	Loss			1,811	**1,811**
others					**-**
	Substandard			610	**610**
	Doubtful			73	**73**
	Loss			11,202	**11,202**
Total GCA		**1,860,633**	**255,905**	**55,276**	**2,171,813**

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Comparative information for 31 December 2021 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	326,048			**326,048**
	Medium risk		29,428		**29,428**
above 400HA					
	Low risk	1,152,097			**1,152,097**
	Medium risk		108,999		**108,999**
others					
	Low risk	42,226			**42,226**
	Medium risk		4,863		**4,863**
Non-performing					
below 400HA					
	Substandard			255	**255**
	Doubtful			633	**633**
	Loss			13,339	**13,339**
above 400HA					
	Substandard				
	Doubtful			88	**88**
	Loss			21,804	**21,804**
others					
	Substandard			17	**17**
	Doubtful			157	**157**
	Loss			14,095	**14,095**
Total GCA		**1,520,371**	**143,290**	**50,388**	**1,714,049**

The tables below summarise the ageing of Stage 2 and Stage 3 Credit lines granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8).

30 June 2022	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	193,859	3,335	16,535	7,611	210,394	10,946
90 dpd (for Stage 3)			101	101	101	101
Individual analysis					-	-
30 dpd (for Stage 2)	62,046	6,289	14,156	2,675	76,202	8,965
90 dpd (for Stage 3)					-	-
Total	**255,905**	**9,624**	**30,791**	**10,387**	**286,696**	**20,011**

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

Comparative information for the year ended 31 December 2021 is included below:

31 Dec 2021	Stage 2		Stage 3		Total	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	81,256	1,053	10,112	5,270	91,368	6,323
90 dpd (for Stage 3)			3,137	2,095	3,137	2,095
Individual analysis						
30 dpd (for Stage 2)	61,258	8,527	12,583	2,571	73,841	11,098
90 dpd (for Stage 3)					-	-
Total	**142,514**	**9,580**	**25,831**	**9,936**	**168,346**	**19,516**

i.3.2. Factoring

The table below shows the credit quality and the exposure to credit risk from Factoring type of loans granted, by the Group's probability of default, as at 30 June 2022.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	11,122			**11,122**
	Medium risk		757		**757**
above 400HA					
	Low risk	181,502			**181,502**
	Medium risk		16,293		**16,293**
others					
	Low risk	15,409			**15,409**
	Medium risk				
Non-performing					
below 400HA					
	Loss			93	**93**
above 400HA					
	Loss			182	**182**
Total GCA		**208,033**	**17,050**	**274**	**225,357**

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

Comparative information for 31 December 2021 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	7,442			**7,442**
	Medium risk				
above 400HA					
	Low risk	118,541			**118,541**
	Medium risk		2,016		**2,016**
others					
	Low risk	5,474			**5,474**
	Medium risk				
Non-performing					
below 400HA					
	Loss			94	**94**
above 400HA					
	Loss			182	**182**
Total GCA		**131,457**	**2,016**	**275**	**133,748**

The tables below summarise the ageing of Stage 2 and Stage 3 Factoring loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.).
- Stage 3 – loans less than 90 dpd, thus,presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.).

30 June 2022	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	15,535	88			15,535	88
90 dpd (for Stage 3)						
Individual analysis						
30 dpd (for Stage 2)	1,515	165			1,515	165
90 dpd (for Stage 3)						
Total	**17,050**	**253**			**17,050**	**253**

Comparative information for the year ended 31 December 2021 is included below:

31 Dec 2021	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	1,104	1			1,104	1
90 dpd (for Stage 3)						
Individual analysis						
30 dpd (for Stage 2)	913	154			913	154
90 dpd (for Stage 3)						
Total	**2,016**	**155**			**2,016**	**155**

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

i.3.3. Capex

The table below shows the credit quality and the exposure to credit risk from Capex type of loans granted, by the Group's probability of default, as at 30 June 2022.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low-fair risk	40,687			**40,687**
	Medium-risk		3,014		**3,014**
above 400HA					
	Low-fair risk	107,358			**107,358**
	Medium-risk		19,405		**19,405**
others					
	Low-fair risk	26,113			**26,113**
	Medium-risk		293		**293**
Non-performing					
below 400HA					
	Substandard			712	**712**
	Doubtful			45	**45**
	Loss			156	**156**
above 400HA					
	Substandard			376	**376**
	Doubtful			56	**56**
	Loss			94	**94**
others					
	Substandard			37	**37**
	Doubtful			131	**131**
	Loss			51	**51**
Total GCA		**174,158**	**22,713**	**1,659**	**198,530**

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

Comparative information for 31 December 2021 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	29,245			**29,245**
	Medium risk		1,819		**1,819**
above 400HA					
	Low risk	93,103			**93,103**
	Medium risk		5,619		**5,619**
others					
	Low risk	17,522			**17,522**
	Medium risk		344		**344**
Non-performing					
below 400HA					
	Loss			607	**607**
above 400HA					
	Loss			1,736	**1,736**
others					
	Loss			217	**217**
Total GCA		**139,870**	**7,782**	**2,560**	**150,212**

The tables below summarise the ageing of Stage 2 and Stage 3 Capex loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8).

30 June 2022	**Stage 2**		**Stage 3**		**Total**	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	17,834	321	611	380	18,445	700
90 dpd (for Stage 3)					-	-
Individual analysis					-	-
30 dpd (for Stage 2)	4,878	165	103	39	4,981	203
90 dpd (for Stage 3)					-	-
Total	**22,713**	**485**	**714**	**418**	**23,426**	**904**

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

Comparative information for the year ended 31 December 2020 is included below:

31 Dec 2021	Stage 2		Stage 3		Total	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	6,462	21	1,904	327	8,366	348
90 dpd (for Stage 3)			138	75	138	75
Individual analysis					-	-
30 dpd (for Stage 2)	1,320	133	129	39	1,449	171
90 dpd (for Stage 3)					-	-
Total	**7,782**	**154**	**2,171**	**365**	**9,952**	**519**

i.4. Modified 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 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 2022, the modified net exposure was of RON 12,292 thousand (31 December 2021: RON 8,626 thousand).

An analysis of the restructured loans and advances to customers as at 30 June 2022 and 31 December 2020, per types of loans, is presented in the table below:

	30 June 2022		31 December 2021	
	Capex	**Credit lines**	**Capex**	**Credit lines**
Collective analysis				
Stage 2	929	3,379	882	2,945
Stage 3	358	16,722	340	10,555
Collective expected credit losses	343	10,217	215	8,029
Total GCA for collectively analysed loans and advanced to customers	**1,287**	**20,101**	1,221	13,500
Individual analysis				
Stage 2		834		1,637
Stage 3		1,999		4,484
Individual expected credit losses		1,369		3,974
Total GCA for individually analysed loans and advanced to customers		**2,833**		6,121
Totals				
Total expected credit losses	343	11,586	215	12,002
Total gross exposure	1,287	22,934	1,221	19,622
Total net exposure	**944**	**11,348**	**1,007**	**7,619**

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for fifteen consecutive months or more.

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

Other financial assets which potentially subject the Group to credit risk consist mainly of cash equivalents and other receivables. On cash and cash equivalents the credit risk is low, since cash and cash equivalents are placed with financial institutions which are considered to have minimum risk of default.

ii. Market Risk

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

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

ii.1. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on the net positions the Group can hold in foreign currencies, including foreign exchange positions of subsidiaries and both accounting and economic hedges. Such limits are especially relevant for the Group, where part of borrowings from international financial institutions and other debt agreements are EUR denominated. According to the limits set by the Group and to certain financial covenants imposed by borrowing agreements, the open currency position of the Group should not exceed 10% of its Total Capital (see note 9).

The Group's strategy is to monitor open positions on a daily basis and apply hedging strategies to ensure it manages itself against currency risk. Positions are maintained within established limits by either balancing the assets and liabilities in the relevant currencies, or taking out foreign currency swaps or forwards and converting the exposures into RON.

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

	30 June 2022 EUR	**31 December 2021 EUR**
Assets		
Cash and bank balances	58,721	380
Loans and advances to customers	164,057	105,907
Total assets	**222,778**	**106,287**
Liabilities		
Borrowings	397,658	332,611
Total Liabilities	**397,658**	**332,611**
Derivative financial instruments (notional)	149,846	205,487
Net financial position	**(25,034)**	**(20,837)**

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

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in EUR exchange rates relative to the functional currency. The rate used are based on the market estimamtion and the year end rates. The sensitivities are calculated by applying the changes in the exchange rates to the above net financial position, in case of gain / (loss) before tax of, respectively by considering tax effect in case of equity impact.

	June 2022 *EUR strengthening by 3%*	*June 2021* *EUR strengthening by 1.6%*
Gain / (loss) before tax of:	(894)	(80)
Equity	(751)	(68)

ii.2. Interest rate risk

The Group's main interest rate risk arises from the mismatch between the repricing frequency of loans and advances granted with variable rates, on the asset side, and the repricing frequency of browings together with the fixed rate bonds issued on the liabilities side. This mismatch exposes the Group to cash flow interest rate risk. The Group's strategy is to monitor and, depending on the market conditions and anticipated trends, partly manage the risk of open repricing gap using floating-to-fixed interest rate swaps.

The bank borrowings contracted by the Group bear floating interest rate and fixed interest rate and are measured at amortised cost. During 2021 the Group contracted a 40 million EUR fixed rate loan with 5 years maturity from Agricover Holding SA, the Company's parent. The loan increases the Group's exposure to both currency and interest rate risks. The following table provides an analysis of the Group's interest rate risk exposure on financial assets and liabilities as at 30 June 2022. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or remaining maturity dates.

asset / liability class	**up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 year and above**	**Total**
Loans and advances to customers	**1,379,487**	**102,735**	**1,005,013**	**45,258**	**2,532,492**
Other financial assets	2,423				**2,423**
Cash and cash equivalents	127,831				**127,831**
Total financial assets	**1,509,740**	**102,735**	**1,005,013**	**45,258**	**2,662,746**
Borrowings	1,025,330	849,329	50,834	312,361	**2,237,853**
Other financial liabilities	8,953	5,352			**14,305**
Total financial liabilities	**1,034,283**	**854,681**	**50,834**	**312,361**	**2,252,158**
Interest repricing gap	**475,458**	**(751,946)**	**954,179**	**(267,103)**	**410,588**

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

Comparative information as at 31 December 2021 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans and advances to customers	795,094	12,027	1,110,791	25,569	**1,943,480**
Other financial assets	3,099				**3,099**
Cash and cash equivalents	90,699				**90,699**
Total financial assets	**888,892**	**12,027**	**1,110,791**	**25,569**	**2,037,279**
Bank borrowings	656,807	685,275	94,991	196,754	**1,633,827**
Other financial liabilities	13,173	3,096			**16,269**
Total financial liabilities	**669,980**	**688,371**	**94,991**	**196,754**	**1,650,095**
Interest repricing gap	**218,913**	**(676,344)**	**1,015,800**	**(171,185)**	**387,183**

Derivatives held by the Group for risk management purposes are fixed-for-fixed (i.e. both counterparties pay each other a fixed interest rate on the principal amount negotiated) and have no significant impact on the interest rate risk open position.

The gaps in up to one year risk bands are explained by the fact that 62% of the the Group's granted loans and advances to the customers bear floating interest with 6M tenor base rates and monhtly repricing frequency. Remaining portfolio is either priced at a six months frequence or bears fixed interest rates. The Group's bank borrowings bear floaring interest with 6M, 1M or 3M tenor base rates with repricing frequencies that match the tenor of the respective base rates. Such risk exposure is in the normal course of business for the Group.

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

	June 2022 *Interest rate* *(+160 b.p parallel shift)*	*June 2021* *Interest rate (+100 b.p parallel shift)*
Gain / (loss) before tax of:	2,125	1,284
Equity	1,784	1,078

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

This section includes information about the Company's share capital, the Group's equity, what is managing as capital and capital management practices within the Group.

9 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to:

- comply with the capital requirements set by the National Bank of Romania ("NBR");
- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain a strong capital base to support the development of its business.

Regulatory capital is monitored by the Company's management, employing techniques based on the guidelines developed by the National Bank of Romania for supervisory purposes. The required information is filed with the NBR on a quarterly basis by the Company at individual Agricover Credit IFN level. The Company has complied with all externally imposed capital requirements throughout the six month period ended June 2022 and June 2021.

The table below shows regulatory capital measures of Agricover Credit IFN SA as reported to the NBR and in line with the requirements of the Regulation No 20 issued in 2009 by the National Bank of Romania, Regulation regarding non-banking financial institutions, with subsequent ammendments and modifications ("Regulation 20"). Regulation 20 requires non-banking financial institutions to comply to keep the ratio between aggregated adjusted exposures to own funds below 1,500%.

Capital management	**June 2022**	**June 2021**
Capital and aggregate exposure		
Share capital	117,925	117,925
Legal reserve	17,381	14,077
Other reserves	938	938
Retained earnings	275,359	221,522
Net profit	39,689	28,174
1. Available capital	**451,292**	**382,636**
Distribution of profit	-	-
Intangibles	9,592	2,475
2. Deductions from available capital	**9,592**	**2,475**
I. Total capital	**441,700**	**380,161**
II. Investment capital	150	150
III. Other elements deducted (difference between regulatory credit risk provisions and IFRS 9 expected credit losses)	16,993	10,917
IV. Own funds	**424,557**	**369,094**
Total aggregate exposure	**2,207,039**	**1,594,330**
Aggregate adjusted exposure compared to own funds	**520%**	**432%**

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

10 BORROWINGS

	30-June-22	31-Dec-21
Borrowings from local banks	1,457,109	910,618
Borrowings from international financial institutions	581,201	520,173
Borrowings from related parties	199,543	203,036
Total borrowings	**2,237,853**	**1,633,827**

Borrowings from banks and international financial institutions

Borrowings from local banks are denominated in RON, bear floating interest rates. Some are secured by assignment of loans granted to customers. The carrying amounts of assets pledged as security are disclosed in note 15.

Borrowings from international financial institutions bear floating interest rates, can be denominated in RON or EUR and are uncollateralised. Geographical concentration is as follows:

Borrowings from:	30-June-22	31-Dec-21
local banks	1,457,109	910,618
international financial institutions within European Union	480,880	401,839
International Investment Bank	82,565	95,644
International Finance Corporation	17,756	22,690
related parties (note 14)	199,543	203,036
Total borrowings	**2,237,853**	**1,633,827**

Borrowings from related parties

During 2021, the Company's parent (Agricover Holding SA) issued a 40 million EUR fixed rate bond with 5 years maturity. The proceeds were used to finance the loans granting activity of the Company through an intra-group loan with similar terms and conditions. Both are unsecured and include certain financial covenants that the Company and Agricover Holding SA and its other subsidiaries have to comply with.

Compliance with covenants

Under the terms of the major borrowing facilities, the Company 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 or currency risk ratios.

The Group has complied with all financial covenants imposed by and by its borrowing facilities from local banks and international financial institutions during 2022 and 2021 reporting periods.

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

Changes in liabilities arising from financing activities

Significant changes in the Group's liabilities as arising from its financing activities are presented here:

	June 2022		2021	
	Borrowings	**Lease Liabilities**	**Borrowings**	**Lease Liabilities**
at 1 January	1,633,827	3,096	1,384,821	4,272
withdrawals	3,675,953		4,357,804	
new lease contracts		3,054		540
repayments	(3,068,931)	(759)	(4,116,853)	(1,696)
interest accrued	54,947	(34)	61,595	(62)
interest paid	(52,916)		(55,613)	
foreign exchange rate effect	(5,027)	(5)	2,072	42
at 31 December 2021/30 June 2022	**2,237,852**	**5,352**	**1,633,827**	**3,096**

11 OTHER FINANCIAL LIABILITIES

Breakdown of other financial liabilities is included below:

Other financial liabilities	**June 2022**	**2021**
Employees	5,279	7,687
taxes and social contributions	1,571	1,423
VAT	18	618
others (suppliers)	2,085	3,445
Lease liabilities	5,352	3,096
Total other financial liabilities	**14,305**	**16,268**

12 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the 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).

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

i. Financial instruments measured at fair value

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 2022		31 December 2021	
	Level 2	**Total**	**Level 2**	**Total**
Financial assets at fair value:				
Derivatives held for risk management	4,815	4,815	116	116
Financial liabilities at fair value:				
Derivatives held for risk management	(928)	(928)	(1,275)	(1,275)

As at 30 June 2022 the Group had FX Forward contracts outstanding with a total negative fair value of RON 928 (31 December 2021: RON 1,275 . 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.

ii. Financial instruments not measured at fair value but for which fair value is disclosed

The level in the fair value hierarchy into which the fair value measurements of financial assets and liabilities not measured at fair value but for which fair value is disclosed are categorized and presented in the table below. Fair value is disclosed for all financial assets and liabilities not measured at fair value and for which fair value is significantly different than the carrying amount.

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Loans and advances to customers:					
Capex			195,176	195,176	195,176
Credit lines			2,104,979	2,104,979	2,112,868
Factoring			222,414	222,414	224,448
Total			**2,522,569**	**2,522,569**	**2,532,492**

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

Comparative information as at 31 December 2020 is presented below:

31 December 2021	Level 1	Level 2	Level 3	Total	Carrying value
Loans and advances to customers:					
Capex			148,951	148,951	148,951
Credit lines			1,657,453	1,657,453	1,661,950
Factoring			131,016	131,016	132,579
Total			**1,937,420**	**1,937,420**	**1,943,480**

All other financial assets and liabilities in the Group's statement of financial position, those that are not included in the table above and for which the fair value is not disclosed, have their fair values approximated by the carrying value.

Techniques and inputs used to determine level 2 and level 3 fair values

Fair value of loans and advances to customers was estimated as follows:

- fair value of floating rate loans and advances was approximated by their net carrying amount as credit risk impact is already accounting for through the allowance for expected credit losses;
- in estimating the fair value of fixed rate loans and advances the Group has discounted contractual cash flows. The discount rate was estimated for each exposure individually by adjusting the contractual fixed rate with the change in the relevant floating rate benchmarks (e.g. 3M or 6M ROBOR) between the grant date of each respective loans and the valuation date. The net present value was adjusted with the credit loss allowance in case of assets impaired at the valuation date.

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

This section provides information about the Group's non-financial assets and liabilities, including specific information about:

- Intangible assets (note 13);

and related key accounting policies, judgement and estimates.

13 INTANGIBLES

Intangibles of the Group are represented mainly by software licences acquired. The Group has no intangibles with indefinite useful life.

The reconciliation of the carrying amount of each significant class of intangibles is presented below:

	June 2022 Software licensees	**2021 Software licensees**
Gross book value	8,874	4,411
Accumulated amortization	(3,156)	2,796
Net book value at 1 January	**5,718**	**1,615**
Additions	4,778	4,463
Amortisation charge	(659)	(360)
Net book value at 31 December	**9,837**	**5,718**
Gross book value	13,652	8,874
Accumulated amortisation	(3,815)	(3,156)

Main additions of licenses are represented by the implementation of SAP 4Hana, which is currently being implemented within the Company. The new core system and operational modules are planned and expected to be live starting first semester of 2023.

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

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

14 RELATED PARTIES TRANSACTIONS

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

Category	Definition	Impact on the condensed consolidated interim financial statements
Parent	entity that controls the Group	the main shareholder of the Company is Agricover Holding SA.
Subsidiaries	entities controlled by the Company (refer to Note 1)	intragroup transactions and outstanding balances are eliminated, they do not form part of the condensed consolidated interim financial statements; consequently, such related party transactions and outstanding balances between group members are not disclosed under IAS 24 in the condensed consolidated interim financial statements.
Key management	persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries.	there are no significant transactions between the Group and key management. Key management compensation is disclosed below in this note.
Other related parties	related parties that do not fall under any of the above categories	significant transactions with other related parties are disclosed below in this note.

Ultimate controlling party

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

Key management compensation

During the six-month period ended 30 June 2022 compensation granted to key management personnel amounts to RON 5,298 thousands (June 2021: RON 3,630 thousands). It represents short term benefits, including monthly salaries, performace bonuses and share-based compensation. There are no other types of benefits or commitments granted by the Group to key management.

Share Option Plan

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

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

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

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

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

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

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

- 0.751 RON as at the grant date, and
- 0.872 RON as at the reporting date.

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

The cost of equity settle transactions is determined by the fair value at the date when the grant is made and is recognized in employee benefits expense, together with a corresponding increase in equity, over the period in which the service and the performance conditions are fulfilled (the vesting period). As at 30 June 2022 and for the six-month period then ended the Group recognised and expense of 0.3 million RON in relation to the SOP

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

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

Set out below are details regarding the number of options granted, exercised or expired under the plan:

	6 months ending 30 June 2022	2021
beginning of period	-	-
granted during the period	3,956,691	-
end of period	**3,956,691**	**-**

All options outstanding are unvested and have an exercise price of 0.1RON/share. Weighted average remaining contractual life of options outstanding is 1.4 years.

Transactions with related parties

The following transactions were carried out as of June 2022 and 2021:

	June 2022	June 2021
Transactions with parent		
Interest expense	3,430	2,778
Transactions with other relates parties		
Interest income	11,483	6,182

During the six-month period ended 30 June 2022 Agricover Distribution SA, wholly owned by the Company's Parent, acted as an agent for the Company in relation to marketing, communication and other service with a total cost of thousand Ron 413 (30 June 2021: thousand RON 366).

Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of each the reporting periods in relation to transactions detailed above:

	June 2022	31 December 2021
Balances with parent		
Borrowings received	199,543	203,214
Balances with other relates parties		
Other financial assets	171	1,493
Other financial liabilities	46	939
Loans and advances to customers	6,414	6,096
Commitments to other related parties		
Letters of guarantees issued	6,000	5,500

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

15 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	30-June-22	31-Dec-21
Pledge Assets with residual maturity lower than 1 year:		
Loans and receivables	1,265,979	1,226,885
Pledge Assets with residual maturity greater than 1 year:		
Loans and receivables	493,961	117,179

16 COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event that the customer cannot meets its contractual payment obligations. Guarantees and standby letters of credit carry a similar credit risk to loans. As at 30 June 2022, the Group has issued guarantee letters with expiry period within 1 year with a total nominal value of RON 6.000 thousand (31 December 2021: RON 5.500).

Commitments

To meet the financial needs of customers, the Group enters into various revocable and irevocable commitments to lend and similar contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Group (qualitative and quantitative details regarding risk management practices of the Group are detailed in note8).

The Group designed for and offers to farmers a new product range consisting of loans with a Mastercard credit card attached, addressed to legal entities active in the agricultural sector. As at 30 June 2022 total irrevocable commitments under the credit cards amounted to 65,5 million RON, of which 18,7 million RON were utilised.

Except for the credit card related limits detailed above, the Group does not grant irrevocable commitments. Under uncommitted credit lines it is the Group's policy to approve any withdrawals, based on an analysis of the applicant, including of developments after the initial approval of the limit. The analysis done by the Group for withdrawal purposes is more simplified in extent and nature as compared to the initial granting moment of the credit line. As at 30 June 2022 the undrawn balance of the credit lines granted by the Group amounts to 287.8 million RON (31 December 2021: 185.5 miilion RON).

Contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its general operations and specifically to its financing activity. As a result, it is involved in various litigations and legal proceedings arising in the ordinary course of the its business. Management of the Group considers that these litigations will not have a significant impact on the operations or on the financial position of the Group

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

This section includes certain performance measures that are monitored by its management, the regulator or its creditors. The section then concludes with significant events which have occurred after the yearend and have not impacted these consolidated financial statements but which have or might impact the financial performance of the Group in subsequent periods.

17 ALTERNATIVE PERFORMANCE MEASURES

The performance measures presented below, together with details of their calculation, are considered key performance indicators monitored by the Group.

Capital Ratio

The capital ratio refers exclusively to Agricover Credit IFN SA and is derived from the regulatory capital measures (i.e. Own Funds and Total Aggregated Exposure) of the Company. Such regulatory capital measures are based on the provisions of Regulation 20. These measure are then used to calculate the capital ratio, as detailed in the table below.

#	Performance indicator	30-Jun-22	30-Jun-21	30-Jun-20
=A/B*100%	**Capital ratio**	**19.24%**	**23.15%**	**21.97%**
A	Own funds	424,557	369,094	325,894
B	Total aggregate exposure	2,207,039	1,594,330	1,483,315

Other performance indicators

#	performance indicator	30-Jun-22	30-Jun-21	30-Jun-20
=C/D*100%	**Non-Performing loan ratio**	**2.20%**	**2.95%**	**2.52%**
C	Gross loans exposure Stage 3	57,209	60,251	47,395
D	Gross loans exposure	2,595,700	2,042,158	1,879,425
=F/E*100%	**Risk earnings ratio**	**14.82%**	**2.77%**	**24.07%**
E	Net interest income	70,172	56,715	54,323
F	Net credit losses	10,399	1,572	13,076
=(G+H)/(E+I+J)*100%	**Cost income ratio**	**39.15%**	**36.96%**	**31.38%**
E	Net interest income	70,172	56,715	54,323
G	General and administrative expenses	28,657	21,558	16,811
H	Other operating expenses	1,658	839	931
I	Net fee and commission income	6,855	3,592	2,184
J	Other operating income	407	296	37

18 EVENTS AFTER THE REPORTING PERIOD

No significant events.