AGRICOVER HOLDING SA
ANNUAL REPORT

PREPARED IN ACCORDANCE WITH ASF REGULATION NO 5 OF 2018

FOR THE FINANCIAL YEAR ENDED 31.12.2021

Report Date: 28.04.2022

Regulated trading market: Bucharest Stock Exchange, corporate bonds category

Market symbol: AGV26E

Issuer: Agricover Holding SA

Trade Register: J23/447/2018

Unique Identification code: 36036986

Subscribed paid-up capital: 216.396.807,50 RON

Registered address: Cubic Center Building, 6th floor, Voluntari, Ilfov

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OUR PURPOSE

Our purpose is to promote sustainable agricultural solutions by providing farmers with access to high-performance technologies, specialized financing and digital solutions. We are committed to contribute to the United Nations' Sustainable Development Goals, by helping Romanian farmers optimize crop productivity, increase their competitiveness on global markets and expediting technological progress and robust generational transitioning.

OUR MISSION

We believe that modern and efficient agriculture is the only solution to meet the growing demand for food of a global population expected to reach 10 billion by 2050, while the impact of human activity on climate change is already excessive.

In this general context, the European Union faces the additional challenge of continuing to ensure a high quality of life for an increasing number of elderly people.

These are the challenges to which we seek to contribute overcoming by concentrating our energy on helping the Romanian farmers reach their development potential and, at the same time, sustain Romania's role within the global food and agriculture supply chain.

OUR VISION

Through its integrated business model, Agricover Group has pioneered the concept of providing farmers with access both to technological breakthroughs as well as to specialized financial solutions to expedite their adoption.

Over the last 10 years (2011-2021), we have become market leaders in Romania and our financial and technology offerings have helped thousands of mainly large and medium size farmers increase productivity, optimize costs, and develop successful primary agriculture businesses.

For the next 10 years (2022-2032), we aim to expand our farmer support platform to tens of thousands of farmers, in Romania and its neighboring countries, focusing mainly medium and small size farmers, introducing state-of-the-art technologies and on digital solutions supported by our sophisticated financial expertise. Together with our upstream and downstream partners, we aim to promote a model of responsible, sustainable, and productive agriculture, relevant for today's global challenges.

OUR VALUES

Integrity:

We are fair, honest, and guided by ethical principles.

We have the courage to uphold our convictions and defend the truth.

Responsibility:

We always take responsibility and keep our promise.

Team spirit:

We work well together

Always the interest of the team prevails over the personal one.

Passion:

We believe in what we do, we are self-motivated.

We put effort, ambition, and soul into what we do.

Innovation:

We are creative, dynamic, and original.

OUR BUSINESS SEGMENTS, PRODUCTS AND SERVICES

Distribution of Technological Inputs and Fuel

The distribution of agricultural inputs (certified seeds, plant nutrition and protection products) and fuel (diesel) is carried out through Agricover SA* (hereinafter referred to as Agricover Distribution). Agricover Distribution is the market leader in the distribution of agricultural inputs:

- We purchase and market the most advanced technological solutions for farmers (certified seeds, plant protection products, nutrients and fuels).
- We have over 100 sales specialists working with farmers in the field.
- In 2021, we have achieved a share of nearly 17% of the plant protection products market, sold over 268.000 tons of plant nutrition products and distributed 107.000 cubic meters of diesel.

Modern logistics:

- Our central facility of 6,000 sqm2 supports a national capillary network of buffer warehouses.
- We deliver from 12 locations, with a total area of 5,000 sqm2, to ensure short delivery times and high volumes availability, specific requirements for the agricultural sector.
- We service a large number of farmers who all need their inputs at the same time when the weather conditions allow certain activities.

** As of 2022, the name of this entity will change to Agricover Distribution SA to better reflect its core activity as well as its role within the corporate structure of Agricover Group.*

Certified seeds:

We promote a comprehensive portfolio of certified seeds, carefully selected over 22 years of experience, from a network of reputable suppliers.

Plant protection products:

Customers can rely on us, throughout the agricultural cycle, to find a complex portfolio of solutions, based on the latest technological breakthroughs, to achieve the optimal protection for their crops.

In our portfolio, farmers can find products developed by global manufacturers, as well as private labels. We have a share of nearly 17% of the plant protection products market, and our medium-term objective is to achieve a market share of 25%.

Plant nutrition products:

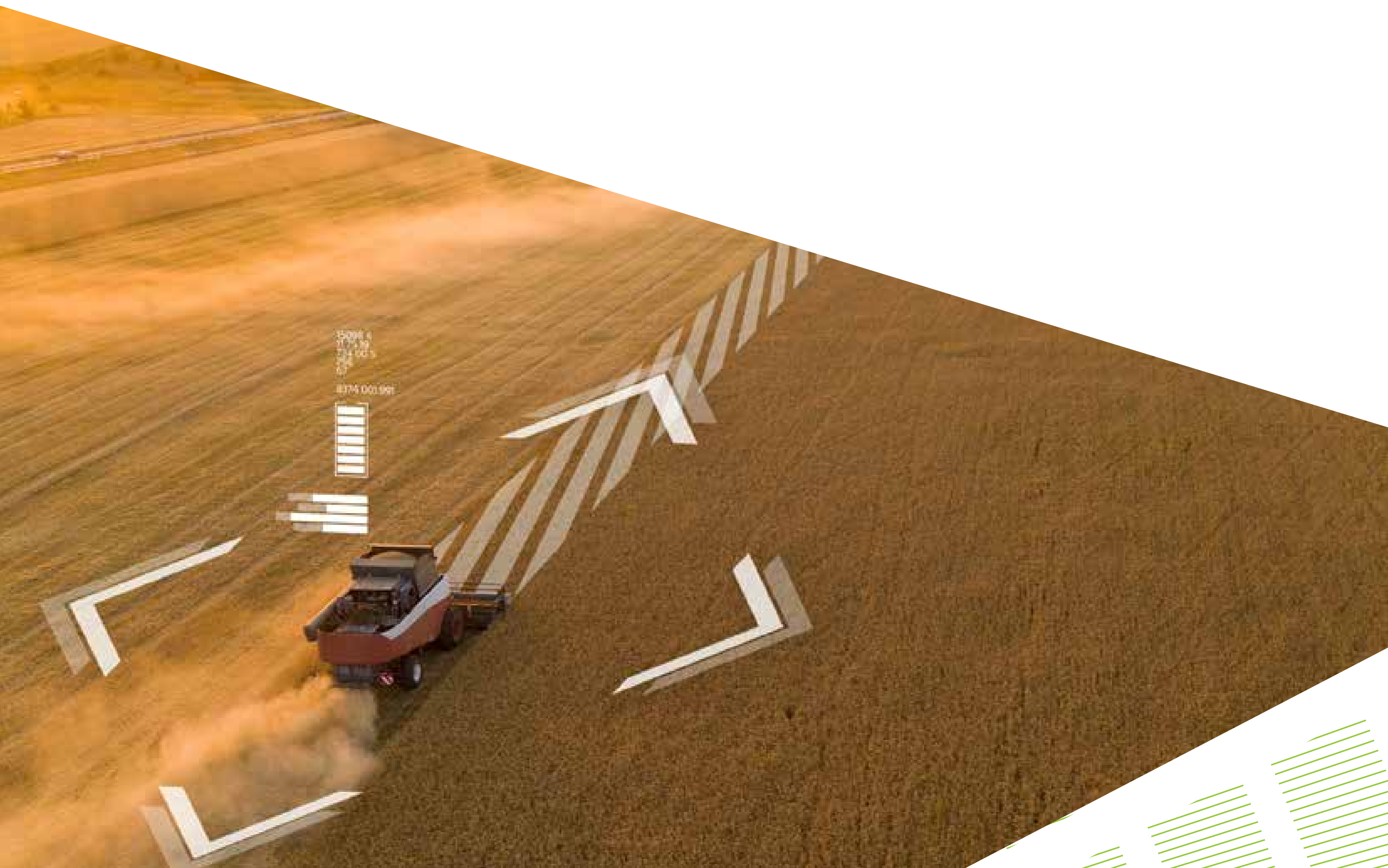
We are the largest importer and distributor in Romania, and in 2021 we marketed over 268.000 tons of plant nutrition products, comprising a full range of solutions and applications. Over the years, we have nurtured strategic partnerships with leading manufacturers in Romania, Bulgaria, Germany, Spain, Jordan, Serbia, Morocco, Turkey, and Austria.

We know that every crop has different needs and the timing of applying nutrients is essential. Through Agricover Credit IFN, we are the only supplier who can provide financing solutions and flexible payment terms to a large number of farmers, so that they can benefit from the necessary products exactly when their crops require them.

Fuel:

We supply quality fuel from our trusted partners, delivered quickly, anytime, directly to the farm. Based on a synergistic approach with Agricover Credit IFN, in 2021 we sold and delivered 107.000 cubic meters of diesel.

MOL OMV rompetrol



FARMER FINANCING

The farmer financing activity is carried out through Agricover Credit IFN (hereinafter referred to as Agricover Credit) and comprises a portfolio of customized lending products (working capital loans for the purchase of agricultural technologies and fuel, investment loans for the purchase of agricultural land, agricultural machinery and equipment, construction of farming operational facilities).

Agricover Credit is one of the leaders of agricultural financing in Romania and a major source of differentiation and competitive advantage for the Group. We are specialized in agricultural financing and therefore we have deep knowledge about the industry, we can design customized products and successfully manage the inherent credit risk. We are close to our customers doing business in their premises with the help of a mobile commercial team of over 80 specialized employees.

With a portfolio of over 2.02 billion RON nominal value of loans and advances granted to customers, in 2021 our product offering included working capital, investments, factoring and discounting facilities and insurance brokerage.

The activity of Agricover Credit is financed through its own funds, the local banking sector, international financial institutions and international investment funds.

Our international financing partners include:

Black Sea Trade & Development Bank

European Bank for Reconstruction and Development

EFSE European Fund for Southeast Europe

European Investment Fund

European Investment Bank

DIGITAL AGRICULTURE SOLUTIONS

Agricover Technology SRL (hereinafter referred to as Agricover Technology) is committed to a rapid development and deployment of a wide-range of digital agriculture solutions for farmers.

Crop360 is a digital platform developed by Agricover Technology, facilitating farmers' adoption of digital agriculture tools. Leveraging 22 years of agribusiness knowledge, close relationship and in-depth understanding of the "real" needs of the farmers, the platform integrates best in class third-party digital agricultural solutions offering the farmers the necessary tools to be more efficient and to reduce the production costs. Using the platform will enable farmers to meet the EU requirements towards sustainable agriculture.

The digital solutions integrated in the platform include:

- **decision support for farming: plot geolocation, satellite imagery and weather data, crop monitoring, access to field, etc.**
- **useful business instruments: lease contract management, warehouse management system for stocks (seeds, plant protection and plant nutrition products)**
- **digital interactions with Agricover Group: e-care module and e-commerce platform for Agricover Distribution, online "banking" system for Agricover Credit IFN.**

As such products require on-going development, the next version of the platform is currently under development with additional digital solutions required by the farmers to be deployed in 2022.

Our technology partners:

Microsoft DTN esri fintechOS

MEAT PROCESSING

As of the date of this report, Abatorul Peris SA is no longer a part of Agricover Group.

Meat processing is based on a B2C business model, different from the B2B business model of the other members of the Group.

Going forward, Agricover Group will continue to focus on servicing farmers, while Abatorul Peris will develop separately, within its distinct sector.

Abatorul Periș demerged from Agricover Group, starting February 2022.

GENERAL OUTLOOK OF GROUP ACTIVITIES

Through its Subsidiaries, Agricover Group carries out activities in the agricultural, financial, and technology sectors, Agricover Holding being the vehicle that owns the three entities of the group, respectively Agricover Distribution (specialized in the distribution of agricultural technologies), Agricover Credit (the non-banking financial institution specialized in financing farmers), and Agricover Technology (providing farmers with access to the most recent worldwide innovations in agriculture, to facilitate the change in the way farmers carry out their activity by accessing digital technologies). The Group's activities included meat processing, through Abatorul Periș SA, which has been discontinued and is no longer part of the Group effective since February 2022.

In all its business segments, Agricover Group is currently either the market leader or holds a prominent position.

The certified seeds, plant protection and plant nutrition market in Romania is dominated by three national distributors. The rest of the market is highly fragmented among Romanian distributors with regional presence, the Romanian subsidiaries of international distributors, or many smaller players with very localized operations.

In 2020, Agricover Distribution became the largest distributor of crop protection products, its sales reaching a 15,2% share of the market, the second largest player's share being 15.1%. . The trend continued in 2021, Agricover Distribution consolidated its leadership position and increased the gap to the second largest player. The share of market in 2021 reached 16,8%, while the second player decreased to 14.9%.

Agricover Credit's farmer financing operations have grown steadily, the non-bank financial institution reaching a 6,15% share of the total financing extended by banking and non-banking financial institutions to the agriculture, forestry, and fisheries sector. If we consider only the segment of the market serviced by non-banking financial institutions, Agricover Credit IFN's grew its share of market up to 17,8%. The total agricultural financing market grew with 13,5%, the growth being stimulated by governmental programs (Agro IMM and IMM Invest) supporting the economy in the pandemic context.

In November, Agricover Technology launched its digital agriculture platform (Crop360) giving the Romanian farmers access to modern, digital tools to monitor and improve their agricultural performance.

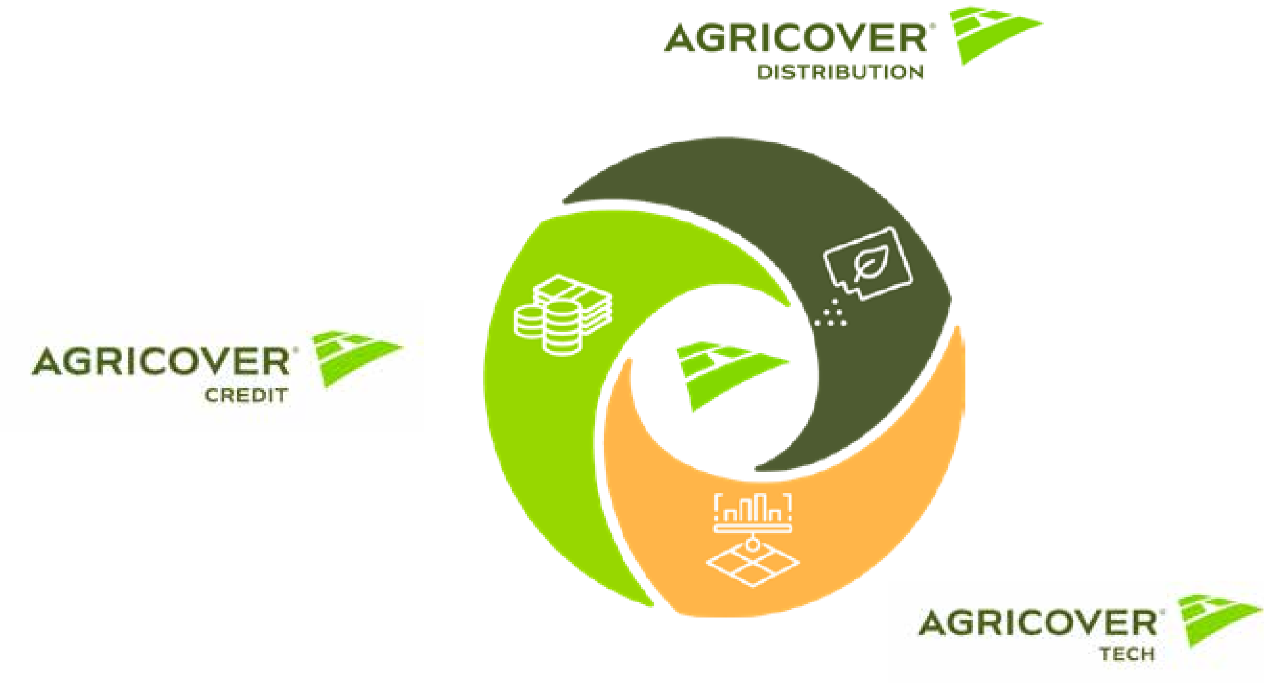
AGRICOVER®

Agricover Group – a prominent player in the Romanian agribusiness and a catalyst of technological progress and sustainable farming.

By attracting EBRD (2017) and ADAMA (2019) to become partners in its corporate structure, Agricover Group has increased its know-how resources, expanded its options to grow and finance its businesses, and strengthened its corporate governance architecture, in line with the size reached by its operations and under robust risk-management circumstances.

Agricover Group – three interactive lines of business bring about competitive advantage and risk mitigation

The Group continued to implement its strategy of increasing its market penetration, the number of serviced farmers reaching 9,266, with a cumulated



exploited surface of over 2.6 million hectares). Based on dedicated products and channels of distribution (e.g., issuing farmer credit cards, and launching the e-commerce and the CROP 360 platforms), we continued to develop the high potential segment of smaller farmers, exploiting less than 50 ha, and reaching a penetration rate of 13,7%.

The adoption of modern agricultural technologies by farmers, optimized by the use of financing products, is the outcome of an integrated and highly synergistic business model between Agricover Credit and Agricover Distribution.

That unique capability of the Group represents a significant source of differentiation and a major source of competitive advantage. In 2021, over 33% of the purchases of agricultural technologies and fuel, as made by farmers from Agricover Distribution, used some form of financing provided by Agricover Credit IFN, while 34% of the loan production of Agricover Credit had as destination the acquisition of agricultural technologies from Agricover Distribution.

Crop360, the digital agriculture platform, will also start to play a significant synergetic role allowing the Group to attract additional farmers and generating cross sale opportunities.

CORPORATE SOCIAL RESPONSABILITY

Agricover Group, supporter of the Romanian farmers' views at national and EU level

The long-term partnership concluded by Agricover Group with the Romanian Farmers' Club for Performant Agriculture (the "Club"), a non-profit and non-governmental organization of farmers, is another example of the Group's activities to support the development of the Romanian agriculture.

Romanian Farmers' Club
for performant agriculture

The Club's main objective is to ensure the active involvement of its members in the process of consultation and elaboration of European and national regulations in agriculture, to protect the national specificity and to increase the Romanian farmers' performance. The members of the organization are encouraged to adopt business models based on innovation, technology and best practices in agriculture to increase competitiveness and add value to their businesses, while achieving a sustainable agriculture and protecting the environment.

Besides developing business relations with farmers, Agricover Group is actively involved, by supporting the Club, in addressing significant non-business challenges such as to formulate the position of the Romanian farmers on the elaboration of the new Common Agricultural Policy, the participation of the Romanian farmers in the elaboration of Romania's agriculture development strategies and plans of the local authorities, to elaborate land improvement studies and solutions (like the prevention of soil erosion by land improvement works such as drainage and irrigation).

The professional approach, the involvement of nationally and internationally renowned specialists, the wide-reaching business contact networks are ways in which Agricover Group supports the Club in a pragmatic manner which is highly acknowledged by the various decision-making factors involved. Through this activity, Agricover Group genuinely contributes to strengthening the agricultural sector in general, ensuring at the same time a solid foundation for the long-term development of its business interests.

Agricover Group, sponsor of the Young Romanian Leaders for Agriculture program

The ageing of Europe's farmers is one of the greatest challenges faced by rural areas and Romania fits the pattern. The generational renewal for the Romanian farms should be a focus for the entire agribusiness industry. Young farmers and their future leaders must be prepared to take over and sustainably develop their family farms. Education and professional training of these young farmers is critical.

The Romanian Farmers' Club has developed a successful program (Young Leaders for Agriculture) to address the above challenge.

The "Young Leaders for Agriculture" program prepares farmers' children, college graduates, up to 35 years old, to ensure the succession and continuity of their family businesses, the representation of the farmers' interests at European and national level and the increased involvement of young people in social responsibility projects.

The Young Leaders for Agriculture program aims to prepare 1,000 such young potential leaders within a 10-year time frame. By the end of 2021, 108 youth attended the program, with 120 more scheduled for 2022.

FINANCIAL PERFORMANCE OVERVIEW

Strong operating and financial performance achieved in the 2021 with highlights including the launch of the Crop360 farm digitalization and precision agriculture platform, solid earnings increase, and tapping into the capital markets through an inaugural corporate bond issue

+32% EPS

year-on-year EPS increase (in continuing operations)

2.02 billion RON

total nominal value of loans and advances to customers exposure at 31 December 2021 (31 December 2020: 1.72 billion RON)

>2 million EUR

investments in IT research and development

40 million EUR

3.5% annual coupon bonds issued and listed on the Bucharest Stock Exchange

2.66% NPL

down from 3.26% as at 31 December 2020

+51% revenue

year-on-year revenue increase to 1.7 billion RON in 2021.

2.71

net debt ratio end of 2021, down from 2.80 as at 31 December 2020

+36%

increase in operating profit of the Group, reaching 117 million RON in 2021

CHAIRMAN'S STATEMENT

The Board of Directors continued to demonstrate leadership, by developing sensitivity scenarios and providing direction for management to continue to supply agricultural inputs and finance farmers, the proliferation throughout the European Union of the African Swine Fever and growing geo-political tensions. Deep commitment to a set of sound corporate governance principles helped the Board provide steadfast leadership and successfully steer the management through unprecedented challenges to deliver an improved financial and market position.

BUSINESS MODEL

During the year, the Agricover Group had the opportunity to demonstrate once again the resilience of its performing business model, based on which the Group's revenues increased, the financial performance of its continued operations improved and its market share consolidated.

Details of the Group's financial performance can be found in the previous page.

BUSINESS STRATEGY

Business strategy was at the heart of the Board of Directors' focus, along with paying attention to strengthening corporate governance and promoting sustainability. Profound geo-political transformations are taking place in the world with a dramatic impact on the economy of the planet. Against that backdrop, our sustainability and generational renewal priorities have never been more relevant as food security and global supply chains continue to be disrupted. In parallel, we continued our efforts to promote technological progress among the Romanian farmers to ensure their financial stability and the long-term success of the Agricover Group.

SUSTAINABILITY

The role played by Agricover Group in promoting sustainable agricultural production systems is now more important than ever, and we are concerned with finding effective solutions that contribute decisively to achieving the objectives of economic growth, environmental protection, welfare, and social equity.

Sustainability is the cornerstone of our business model and a major requirement of the industries in which we operate: agriculture and human nutrition. Further details are presented in the Sustainability Report.

CORPORATE GOVERNANCE

As family businesses, but also public interest entities, Agricover Group develops strategic partnerships with world-class financial institutions and investors. The Board of Directors is dedicated to maintaining the highest standards of Corporate Governance to provide executive management with a framework of principles that determine the long-term success of the business segments developed within the Group.

The robustness of the Agricover Group's Corporate Governance systems was highlighted through financial discipline, attention to risk management and social responsibility demonstrated throughout 2021.

Further details on the governing principles adopted by the Agricover Group are presented in the Corporate Governance Statement.

DEVELOPMENT PERSPECTIVES

We are entering 2022 with confidence, based on the sound financial position secured in 2021 and the robust management and executive leadership teams. We are continuing the structural and operational optimization process which will ensure a continuous improvement of the financial performance of the business segments developed within Agricover Group.

During 2022, we will focus our efforts and resources on developing synergistic, original and highly differentiated operations to accelerate the adoption of the most advanced agricultural technologies by Romanian farmers, with the support of innovative financing solutions perfectly adapted to the specifics of the agricultural sector. The Board of Directors' agenda for the coming period includes three major priorities: a) digitizing the operations and supply of products and services offered to farmers, b) diversifying sources of funding and increasing the presence on the capital market, and c) ensuring a sustainability framework via integrating in the coming years of at least 1,000 children of farmers (graduates of higher education institutions) within the agricultural sector.

The Board of Directors of Agricover Group is the main strategic guidance body pursuing ambitious financial performance objectives in the long term and under conditions of sustainability and social responsibility.

CEO'S STATEMENT

We continue to specialize in developing high-performance business segments within the agribusiness sector and investing in digital technologies. In 2021 we increased our market share and delivered improved profitability and a robust financial position.

Agricover Group is positioning itself as a market leader and a vector for development and innovation in the Romanian agribusiness. Agricover Holding SA is a majority shareholder in companies engaged in the distribution of agricultural technologies, financing of farmers and the development of specialized software for agriculture.

In 2021, we continued our structural reorganization program of the Group's operations, which was started almost 7 years ago, by divesting the business of meat processing (Abatorul Peris SA). Further investments were made in the automation of business processes and the digital future of agriculture. Crop360, our integrated digital agriculture platform was launched and farmers all over Romania can become more competitive, be more resilient and improve the sustainability of their agricultural practices. In 2021, we launched the first credit card dedicated to farmers and started trading agricultural inputs on our new e-commerce platform.

We take responsibility for promoting sustainable agriculture, protecting the environment and respecting human rights in dealing with customers, suppliers and employees.

In 2021 we continued to provide support to the Romanian Farmer's Club and the Young Leaders for Agriculture program by granting 108 scholarships. An additional 120 young farmers will be also sponsored in 2022 bringing us closer to our 1.000 sponsorships objective.

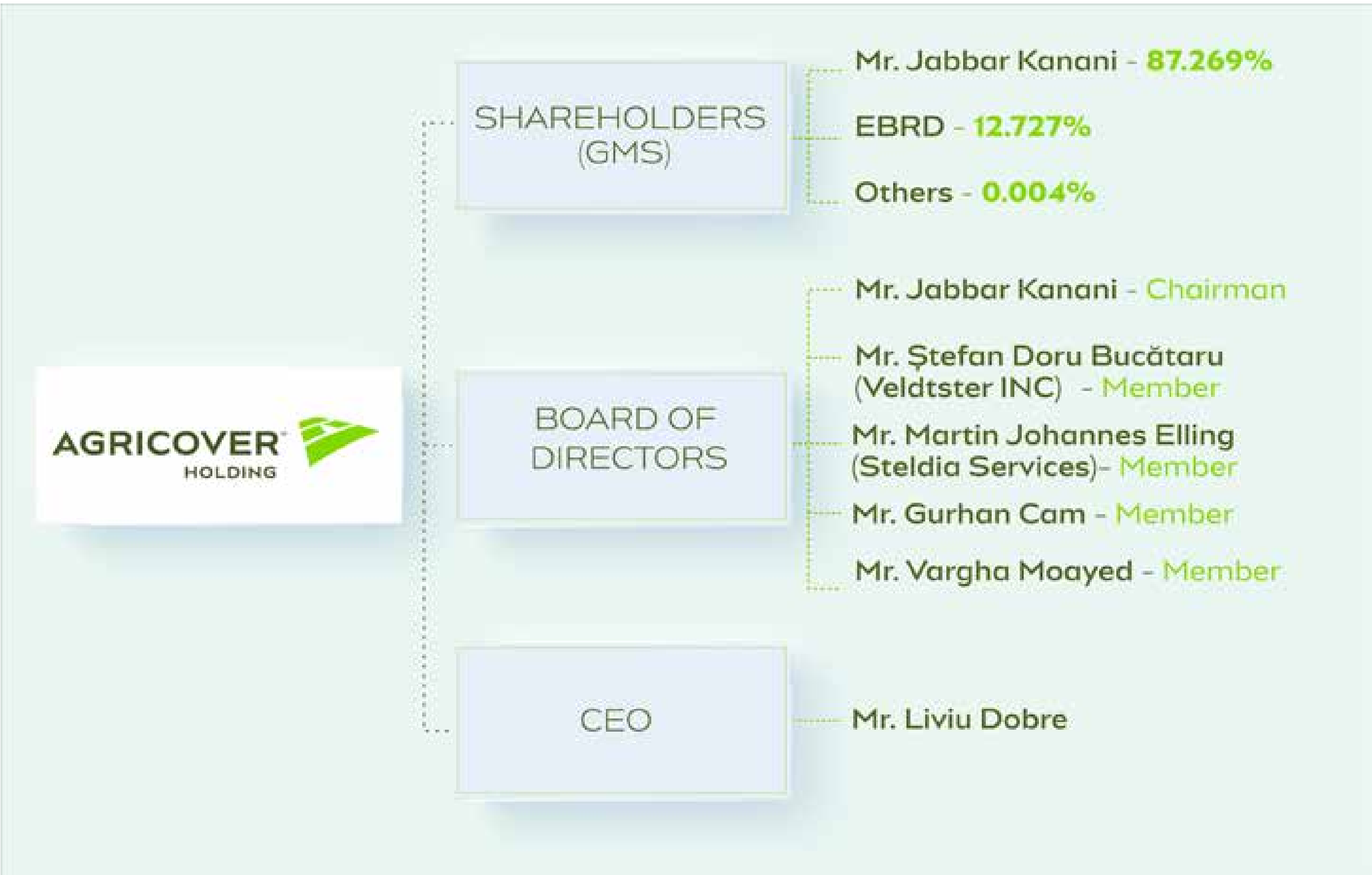
2. Corporate Governance Report

CORPORATE GOVERNANCE STRUCTURES

AGRICOVER HOLDING SA

In its capacity as the parent of all the entities forming Agricover Group, Agricover Holding SA is legally represented by its General Manager, who conducts his activity under the oversight of the Board of Directors and fulfils the main management functions of the entire group. This activity comprises the strategic alignment of the Group, the allocation of resources among Group entities and managing their finances, supervising their executive management, as well as managing the Group's operational activity.

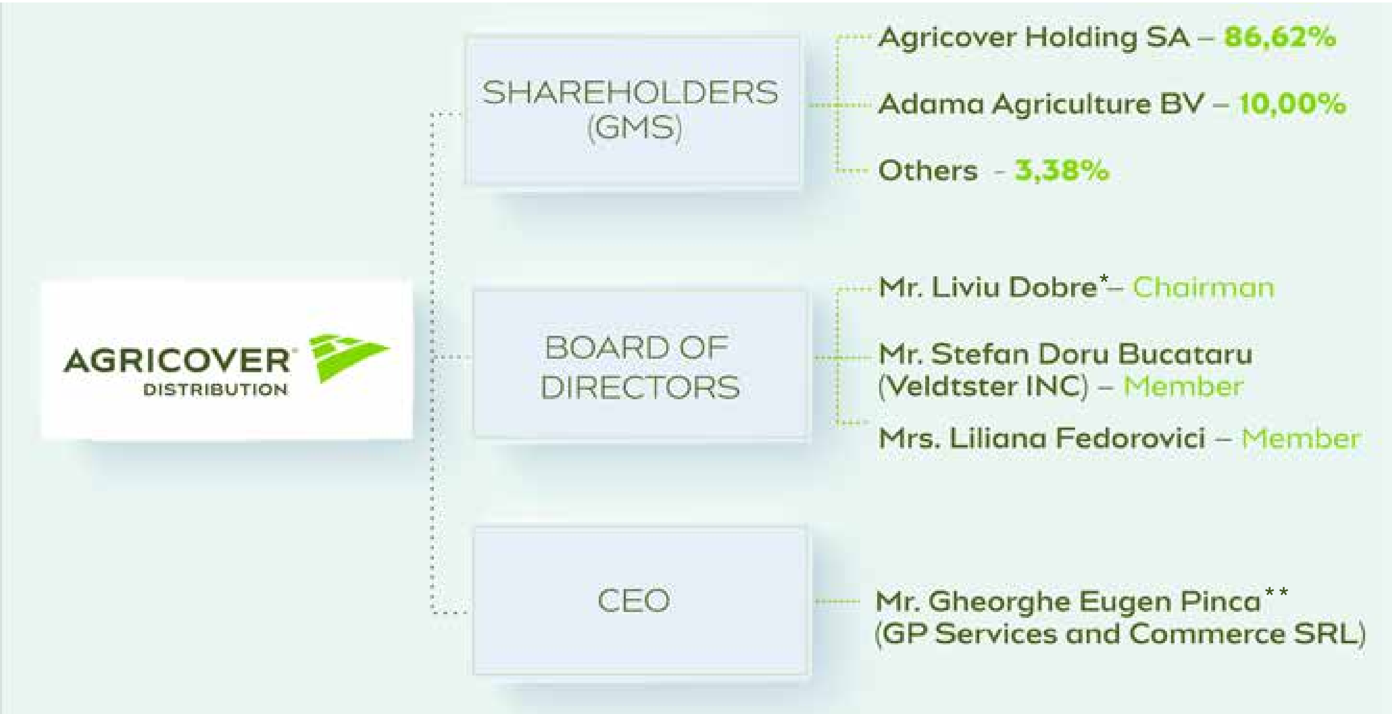
The management structure of Agricover Group comprises three segments: distribution of agricultural technologies, farmer financing and information technology, which represent the reporting segments of the Group, after de demerger of meat processing activity. The activities of each segment are carried out through separate legal entities, all operating under the oversight of Agricover Holding SA.



AGRICOVER DISTRIBUTION

The distribution of agricultural technologies is carried out through Agricover Distribution, a joint-stock entity incorporated and operating under the laws of Romania.

As the Group's entity specialized in facilitating the farmers' access to modern agricultural technologies, Agricover Distribution is represented by its General Manager, who conducts his activity under the oversight of the Board of Directors of Agricover Distribution and distributes a wide portfolio of high-quality technological solutions: certified seeds, innovative plant protection and nutrition products, fuel, as well as support services to those farmers interested in developing a sustainable agriculture. We acquire agricultural technological solutions from manufacturers and other suppliers and re-distribute them directly to farmers.



** starting January 2022 Mr. Liviu Dobre is no longer a member of the Agricover Distribution Board of Director. The position of Chairman of the Board was awarded to Mr. Gheorghe Eugen Pinca.*

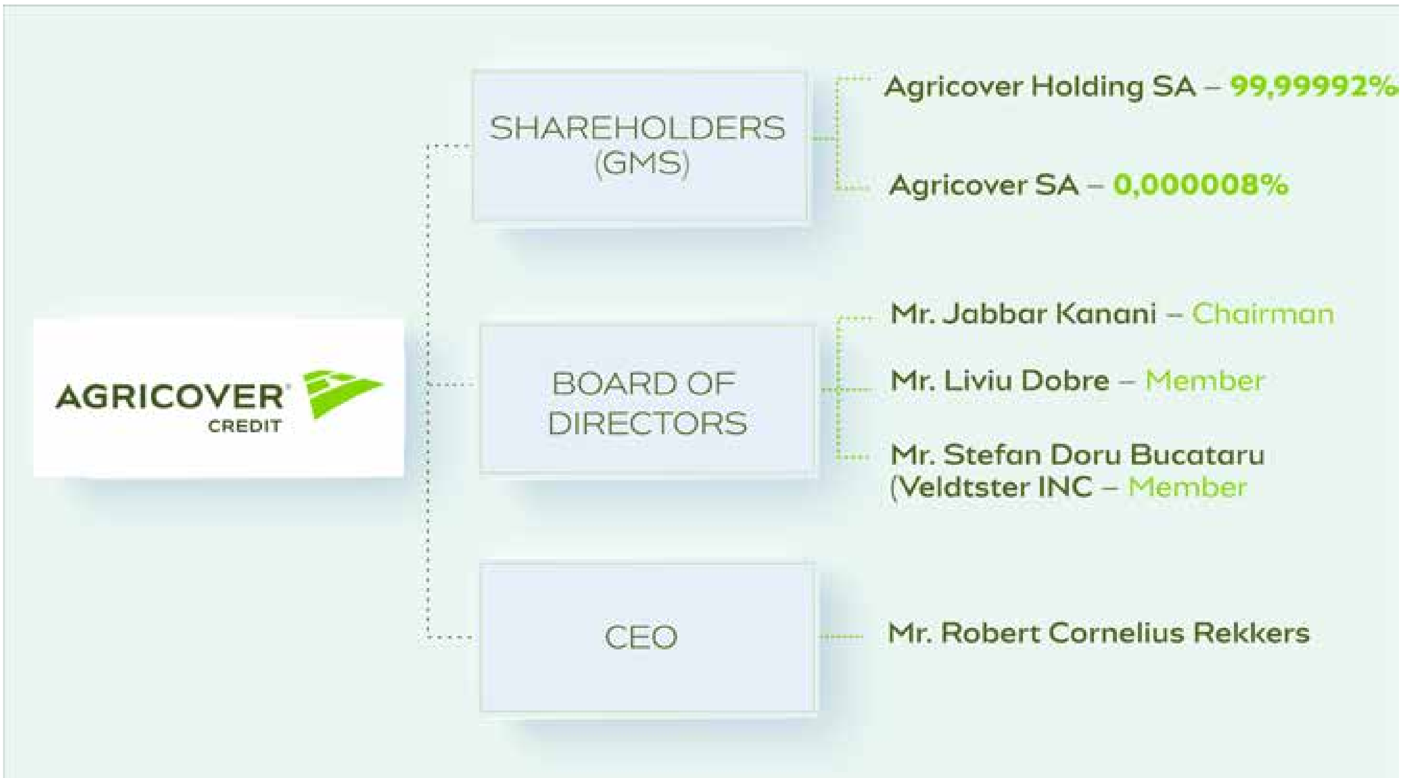
*** starting January 2022 Mr. Liviu Dobre took over the position of CEO of Agricover Distribution.*

AGRICOVER CREDIT

Farmer financing is carried out through Agricover Credit, a non-bank financial institution whose operations are regulated by and conducted under, the oversight of the National Bank of Romania.

As the Group's entity specialized in financing farmers, Agricover Credit is represented by its General Manager, who conducts his activity under the oversight of the Board of Directors of Agricover Credit, and is the only Romanian financial institution exclusively offering farmers pre-financing solutions, financial products to acquire fertilizers and fuel, with payment delayed to the next harvest, investment loans to buy arable land, agricultural machinery and equipment, and other specialized products.

Agricover Credit is also the majority shareholder of Clubul Fermierilor Români Broker de Asigurare S.R.L. (51,02%), an insurance broker incorporated and operating under the laws of Romania. The Romanian Farmers' Club for Performant Agriculture is a not-for-profit organization, operating under the laws of Romania, and is the minority shareholder of Clubul Fermierilor Români Broker de Asigurare SRL (48,98%).



AGRICOVER TECHNOLOGY

The development and distribution of our digital agriculture platform are activities carried out through Agricover Technology, a limited liability company, incorporated and operating under the laws of Romania. Agricover Technology is represented by its Executive Director.

AGRICOVER GROUP BOARD OF DIRECTORS

Agricover Holding SA is governed by a Board of Directors comprising five members of whom one is the Non-executive Chairman and four Non-executive Directors. The Board of Directors of Agricover Distribution comprises three members, of whom one Non-executive Chairman and two Non-executive Directors. The Board of Directors of Agricover Credit IFN comprises three members, of whom one Non-executive Chairman and two Non-executive Directors.

The Board of Directors members are appointed by the Ordinary General Meeting of Shareholders for a renewable mandate of maximum 4 years. The only exception is Agricover Technology, which is governed by an Executive Director, given its incipient state of development.

The Boards of Directors comprise an odd number of at least 3 members, who exercise their powers collectively. In the case of Agricover Holding SA, one of its Directors is nominated by EBRD, in its capacity of minority shareholder. Adama Agriculture BV, in its capacity as minority shareholder, also has the right to nominate a member of the Board of Directors of Agricover Distribution. The members of the Board of Directors can be appointed from among shareholders.

The Board of Directors is responsible for carrying out all the useful and necessary acts to perform the Company's object of activity, save for those duties which, by law or the Company's Articles of Association, are assigned to the General Meeting of Shareholders.

The Companies' Articles of Association set forth the delegation, according to Companies Law, of the following duties from the General Meeting of Shareholders to the Board of Directors: changing the object of activity, other than the main, set-up or close branches, representative offices, agencies and business locations, with or without legal status, in Romania or abroad.

As of the date of this Document, the composition of the Board of Directors of Agricover Holding SA is as follows:

NAME	FUNCTION	LENGTH OF TENURE
Jabbar Kanani	Chairman of the BoD, Non-executive director	4 years and 1 month
Elling Martinus Johannes (representative of Steldia Services Ltd.)	Appointed by EBRD, non-executive director, independent	2 year and 5 months
Bucataru Stefan Doru (representative of Veldtster Inc.)	Non-Executive director	4 years and 1 month
Gurhan Cam	Non-executive director, independent	1 year and 3 months
Vargha Moayed	Non-executive director, independent	2 year and 7 months

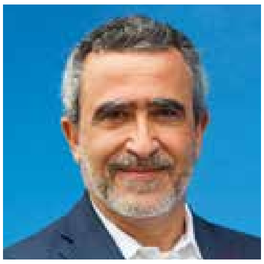
During 2021, there were no changes to the composition of the Board of Directors.

Mr. Jabbar Kanani is the Chairman of Agricover Holding BoD. Mr. Kanani graduated the "Carol Davila" University of Medicine in Bucharest. He is the founder of Agricover Distribution and Agricover Credit. In over 30 years of entrepreneurial experience he developed various successful businesses in FMGC, food industry and agribusiness. Mr. Kanani has dual nationality, Romanian and Iranian and he speaks Azeri, Farsi, Romanian, and English. Mr. Kanani is the majority shareholder of Agricover Holding, controlling 87.269% interest in the company. At the same time, he is the Chairman of Agricover Credit BoD. His business address is 1B Pipera Bvd, Cubic Center Building, 6th floor, Voluntari, Ilfov.

Mr. Elling Martinus Johannes (representative of Steldia Services LTD) is a member of Agricover Holding BoD, as the representative assigned by the EBRD. Mr. Elling studied economics and worked for the United Nations Organization, the World Bank, and the European Bank for Reconstruction and Development ("EBRD"). He is co-founder of Mindy Support company. His business address is 1B Pipera Bvd, Cubic Center Building, 6th floor, Voluntari, Ilfov.

Mr. Bucataru Stefan Doru (representative of Veldtster INC) is a member of Agricover Holding BoD. Mr. Bucataru graduated from the Polytechnic University of Bucharest and holds an MBA from Durham University Business School in the UK. He held senior executive positions in companies such as Transelectrica S.A., Teraplast S.A., Global Finance International, Lasselsberger GmbH, Sanex S.A., or Friesland-Campina. Also, he served as a member on the boards of Transelectrica S.A., Teraplast S.A., United Milk Company, Lasselsberger GmbH, Sicomed S.A. and Sanex SA. Mr. Bucataru speaks English, French and Romanian and has dual nationality, Romanian and Canadian. He is also member of the boards of directors of Agricover Distribution and Agricover Credit. His business address is 1B Pipera Bvd, Cubic Center Building, 6th floor, Voluntari, Ilfov.

Mr. Gurhan Cam is member of Agricover Holding BoD. Mr. Cam is a graduate of the Istanbul Technical University and holds a master's degree in Strategic Marketing and Brand Management from Bahçesehir University. Currently, Mr. Cam is Senior VP, Deputy COO and Chairman of the Innovation Committee in DenizBank Turkey. Mr. Cam has more than 18 years of experience in Corporate Retail Banking, IT, Digital Banking and Innovation and is a board member of MMA Turkey, editor of Journal of Digital Banking - Henry Stewart Publications UK, member of the auditors committee of EFMA Europe. The business address is 1B Pipera Bvd, Cubic Center Building, 6th floor, Voluntari, Ilfov.



Mr. Moayed Vargha is a member of Agricover Holding BoD. Mr. Moayed is a graduate of Ecole Superieure de Commerce de Montpellier (France) and holds a master's degree from Wharton School, University of Pennsylvania (United States of America). He held executive positions in companies such as Ernst & Young, McKinsey & Company, First Data Corporation, Venture Park, and Ipanema Technologies. He is part of the management team of UiPath. Furthermore, he speaks English, French, and Spanish. The business address is 1B Pipera Bvd, Cubic Center Building, 6th floor, Voluntari, Ilfov.

Other people holding the position of director within the Group are:

NAME	FUNCTION	ENTITY	LENGTH OF TENURE
Liviu Dobre	Chairman, Non-executive director	Agricover Distribution	1 year and 1 month
Liliana Fedorovici	Appointed by ADAMA, non-executive director	Agricover Distribution	1 year and 1 month
Liviu Dobre	Non-executive director	Agricover Credit	2 years and 8 months

During 2021, there were no changes to the composition of the Board of Directors of Agricover Credit and Agricover Distribution.

Ms. Liliana Fedorovici is a non-executive director of Agricover Distribution as representative appointed by Adama Agriculture. Mrs. Fedorovici graduated from the Academy of Economic Studies of Bucharest (Romania) and is a member of the Body of Expert and Licensed Accountants of Romania and the Romanian Chamber of Auditors. With experience of more than 30 years, Mrs. Fedorovici has held and holds executive and non-executive positions in many companies within the Adama Group. As of the Prospectus Date, she is the Deputy CFO/European Controller/Director of Adama European Headquarters and a member of the Internal Audit Committee.

Agricover Group Board Committees

The Group Holding board has two standing committees: a) audit and risk committee and b) nomination and remuneration committee. Each of the standing committees has its own terms of reference, which set forth the responsibilities of the committee, the qualifications, and procedures of the committee and how the committee will report to the board.

AUDIT AND RISK COMMITTEE COMPOSITION:

NAME	FUNCTION
Madeline Alexander	Chairman of the committee, Independent expert
Elling Martinus Johannes (representative of Steldia Services Ltd.)	Non-executive, independent Director
Bucataru Stefan Doru (representative of Veldtster Inc.)	Non-executive, independent Director

NOMINATION AND REMUNERATION COMMITTEE COMPOSITION:

NAME	FUNCTION
Bucataru Stefan Doru (representative of Veldtster Inc.)	Chairman of the committee, non-executive, independent Director
Jabbar Kanani	Non-executive, independent Director
Vargha Moayed	Non-executive, independent Director

During 2021, there were no changes to the composition of the committees.

AGRICOVER GROUP EXECUTIVE MANAGEMENT

The Board of Directors delegates the Company's management to one or more managers, one of whom is appointed as General Manager. Managers may be appointed from among Directors. Managers represent the Company in relation to third parties and in courts of law, according to the limits set forth by the law, the Articles of Association, and their mandate.

As of the date of this Document, Agricover Holding's management is delegated to Mr. Liviu Dobre, who is the General Manager and performs his activities at the Company's registered office.

Mr. Liviu Dobre is General Manager of Agricover Holding. Mr. Dobre is a graduate of the Academy of Economic Studies. He held senior management positions in companies such as RCI Leasing (Renault Group and Planet Leasing, and since 2008 he has held various positions in Agricover Group. Mr. Dobre speaks English, French, and Romanian. He is the chairman of the boards of directors of Agricover Distribution, as well as a member of the BoD of Agricover Credit. Also, he is the Executive Director of Clubului Fermierilor Romani Broker de Asigurare SRL and Agricover Technology SRL. His business address is 1B Pipera Bvd, Cubic Center Building, 6th floor, Voluntari, Ilfov.

Other people holding key positions within the Group are:

NAME	FUNCTION	ENTITY
Gheorghe Eugen Pinca representative of GP SERVICESS & COMMERCE SRL	General Manager	Agricover Distribution
Robert Cornelis Rekkers	General Manager	Agricover Credit

The length of tenure of the General Managers, as of 31 December 2021, is set out below:

- **Liviu Dobre**, 2 years and 10 months
- **Gheorghe Eugen Pinca** representative of GP SERVICES AND COMMERCE SRL, 4 years
- **Robert Cornelis Rekkers**, 4 years and 11 months

During 2021, there were no changes to the composition of the Executive management team.

Mr. Pinca Gheorghe Eugen is the legal representative of GP SERVICES AND COMMERCE SRL, the General Manager of Agricover Distribution. Mr. Pinca is a graduate of the Technical University in Timisoara. He held senior management positions in companies such as Coca Cola HBC and Vincon Vrancea and joined Agricover Group in 2008. Mr. Pinca speaks English and Romanian.

Mr. Rekkers Robert Cornelis is the General Manager al Agricover Credit. Mr. Rekkers is a graduate of the Business University – Economics and Law (both in the Netherlands). He held management positions in ABN Amro and various banks in Paraguay, the United States of America, and Columbia. Also, for 9 years, he was the General Manager of Banca Transilvania SA. Mr. Rekkers speaks English, French, German, Dutch, and Romanian.

Conflict of interest

At the date of this Document, there is no information on actual or potential conflicts of interests between any duties to the Company of each member of the administrative and management bodies of the Company and their private interests or other duties.

Important agreements

Save for the contracts described below, the Company and its Subsidiaries have not concluded any kind of material contracts other than those concluded in the normal course of business.

THE CONTRACT FOR THE SUBSCRIPTION OF SHARES OF AGRICOVER HOLDING SA

On 12.10.2017, Agricover Holding, the Main Shareholder, and EBRD concluded a contract for the subscription of shares by which EBRD subscribed 275,414,102 Shares, for a subscription price of RON 31,892,126.92. In case EBRD terminates the contract, the Company undertakes to repay the subscription price. EBRD may terminate the contract due to a material default by the Company of Main Shareholder or in case there is a material adverse effect on the activity, operations, assets, or financial condition of the Group or the Main Shareholder. EBRD may also terminate the Contract for reasons that do not relate to the Company in case the EBRD management decides that Romania's access to EBRD resources should be suspended or amended in any way.

AGRICOVER HOLDING SA SHAREHOLDERS' AGREEMENT

Following the conclusion of the contract for share subscription by which EBRD became a minority shareholder of the Company, on 12.10.2017, Agricover Holding, the Main Shareholder, and EBRD concluded a shareholders' agreement to regulate EBRD rights as a minority shareholder of the Company.

As long as, EBRD holds shares representing a minimum 5% of the Company's share capital, no General Meeting of Shareholders decision shall be valid without the "in favor" vote expressed by EBRD in relation to a series of aspects, as detailed in the Company's Articles of Association.

EBRD has the right to appoint a member of the Board of Directors. As long as EBRD holds shares representing a minimum of 5% of the Company's share capital, the Board of Directors may make decisions on the following aspects only with the presence of all its members during the entire meeting and with the unanimous vote „in favor" of the respective decision.

- Approve Company's business plan;
- Increase or decrease the share capital, convert the Affiliates' shares or create new classes or types of shares;
- Transform, merge, consolidate, split, dissolve or wind up any Affiliate or reorganize it with a different legal form or purchase of shares by the Company or any Affiliate in another company;
- Cancel or limit preference subscription rights of Affiliates' shareholders;
- Set-up or cancel new branches of the Company or participation in any joint venture;

- Introduce any restriction regarding the possibility to transfer shares to any Affiliate;
- Relocation of the Affiliates' registered office;
- Any change to Affiliates' object of activity;
- Appoint, dismiss or remunerate the Affiliates' directors, amend the number of BoD members or any other rules governing Affiliates' Bods;
- Set-up or dissolve BoD committees, save for the ones required by law;
- Approve Affiliates' yearly financial statements;
- Decide the dividend or share redemption by Affiliates;
- Appoint or dismiss the Affiliates' auditors or liquidators (in case of voluntary winding up);
- Change in the Affiliates' dividend policy;
- Appoint, release or remunerate the Company or its Affiliates general manager;
- Approve any financial commitment or expense and any sale document regarding an asset of the Group that exceeds EUR 5,000,000;
- Approve any contract concluded by the Company or Affiliates with the Main Shareholder, EBRD, or an Affiliate;
- Approve legal documents regarding the use of the Group's intellectual/intangible property;
- Approve any draft decision regarding dividend or share redemption to be submitted to the GSM;
- Approve any draft decision regarding the increase in the Company's share capital or Share conversion to be submitted to the GSM;
- Approve any draft decision regarding amendments to dividend policy to be submitted to the GSM;
- Any decision necessary according to art.15322 of Companies Law regarding the purchase or sale of assets by the Company the value of which exceeds 50% of the book value of all the assets held by the respective Affiliate;
- Approve any legal documents by any company in the Group for contracting loans or guaranteeing debts of any person, save for the ones assumed in the local budget;
- Approve Affiliates' yearly budget.

The Company has also committed to implement EBRD's action plan to optimize the effectiveness of its measures related to enhancing environment protection, labor conditions, resource utilization, pollution control, and employee health and safety, both at the level of the Company and its Subsidiaries.

AGRICOVER DISTRIBUTION SHAREHOLDERS' AGREEMENT

Adama Agriculture took over 10,463,636 shares of Agricover Distribution, representing 10% of the share capital through a share-purchase agreement concluded with Agricover Holding. Because Adama Agriculture became a shareholder of Agricover Distribution, Adama Agriculture and Agricover Holding concluded a shareholders' agreement to regulate the rights of Adama Agriculture as a minority shareholder of Agricover Distribution.

As long as, Adama Agriculture is a shareholder of Agricover Distribution, it has the right to appoint at least one member in the BoD. Moreover, the GSM shall not make any decision in the absence of Adama Agriculture vote in favor of the respective decision, expressed by the member appointed by Adama Agriculture, regarding the following:

- Any transaction between Agricover Distribution and an affiliate or an affiliate of Agricover Holding or of Agricover Holding shareholders, save for the exceptions agreed;
- The merger of Agricover Distribution with a company performing an activity that is not similar or complementary to Agricover Distribution business;
- Cease of Agricover Distribution activity or performance of an activity that is not related to the current business of Agricover Distribution;
- Purchase a material interest (save for tradable securities) in any legal entity that does not perform a business complementary to that of Agricover Distribution;
- Change the legal form of Agricover Distribution;
- Listing or trading of any shares or debentures on any stock exchange or market before 1.01.2022;
- Expand Agricover Distribution business outside Romania;
- Any new collateral issued by Agricover Distribution in relation to the obligation of a third-party;
- Any acquisition of assets that exceeds EUR 2,000,000, is outside the normal course of business of Agricover Distribution and was not approved according to the budget;
- Any sale of assets that exceeds EUR 2,000,000, is outside the normal course of business of Agricover Distribution and was not approved according to the budget;
- Any use of the credit or loan which makes that non-current assets of Agricover Distribution exceed an amount equal to 250% of EBITDA Agricover Distribution for the previous financial year, calculated based on the audited financial statements for that respective year (if not yet audited, unaudited financial statements);
- Payment or waiver of any legal claim where Agricover Distribution is a plaintiff or defendant, in case the total payment exceeds EUR 2,000,000.

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 216,397 thousand of which RON 27,632 thousand, contributed in cash, and RON 188,765 thousand contributed in kind. There are 2,163,968,075 shares in issue, each with a nominal value of RON 0.10.

	2021			2020		
Ordinary shared, issued and fully paid:	#		RON'000	#		RON'000
at 1 January	2,163,968,075		216,397	2,163,968,075		216,397
issued during the period	–		–	–		–
at 31 December, of which owned by:	**2,163,968,075**	**100%**	**216,397**	**2,163,968,075**	**100%**	**216,397**
Mr. Kanani Jabbar	1,888,469,175	87.269%	188,847	1,888,469,175	87.269%	188,847
EBRD	275,414,102	12.727%	27,541	275,414,102	12.727%	27,541
Others	84,798	0.004%	8	84,798	0.004%	8

Corporate Identification Data

Head Office: Bd Pipera nr. 1B, Clădirea Cubic Center, etaj 6, Voluntari | ***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:*** 216.396.807,50 RON

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 five entities, namely:

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 (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 SA (hereinafter referred to as "Agricover Distribution"), specialised in the distribution of agricultural inputs and technologies (i.e. seeds, crop protection products, fertilisers, and diesel);

Clubul Fermierilor Romani Broker de Asigurare (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);

Abatorul Peris, specialized in pig slaughtering and pork processing, as at 31 December 2021 held for distribution to owners and eliminated from the Group starting February 2022..

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 plant protection and nutrition products 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.

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

Basis of preparation

The Directors' Report (the "Report") is presented together with and based on the Company's audited consolidated and separate financial statements as at and for the year ended 31 December 2021, prepared in accordance with Order no. 2844 for the approval of accounting regulations in accordance with the International Financial Reporting Standards issued by the Romanian Ministry of Finance on 12th of December 2016, with subsequent amendments and modifications ("Order 2844") and are in compliance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

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 the management commentary are expressed in thousand RON. Performance indicators and financial ratios are rounded to the nearest unit unless otherwise stated.

Market context

Romanian gross domestic product ("GDP") grew at a 5.9% pace in 2021, with consumer and business spendings leading the gains. Agriculture GDP accelerated at a 13.5% pace in 2021, fully recovering after a difficult 2020 marked by SARS-CoV-2 pandemic and severe draughts.

In terms of financing, banks and non-banking financial institutions increased their exposure (including commitments and guarantees) to corporate clients by 14% in 2021, with a 12% constant average growth rate ("CAGR") since 2019. Agriculture represented the most financed economic sector in 2021, supported by IMM Agro Invest programs which exceeded 1 billion RON and reached around 20,000 farmers.

Agribusiness was marked by increased prices of inputs (fertilisers and crop protection products) led by surging production costs, especially natural gas, energy and oil. Local and regional fertiliser producers interrupted their activity or announced their intention to do so, 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 kept its operating margin while increasing its market share in both significant segments where it activates (agribusiness and financing).

AGRICOVER GROUP CONSOLIDATED PERFORMANCE

RON'000	2021	2020	2019
Revenue	1,718,380	1,138,172	1,104,567
Net interest income	104,338	99,322	82,598
Operating profit	116,698	85,849	77,590
Operating margin	6.16%	6.55%	6.17%
Earnings per share (RON/share)	0.041	0.031	0.028

+23%

constant average growth rate in operating profit since 2019 driven by higher Agricover Credit IFN revenue and lower cost of risk.

+32%

accelerated increase in earnings per share ("EPS"), with a CAGR of 21% since 2019.

PRECISION AGRICULTURE

2 million EUR

investments in IT research and development activities. In November 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.

GROUP STRUCTURE

To improve efficiency of resources and better manage risks, the Group decided to spin-off its agrifood segment represented by its subsidiary, Abatorul Peris SA. With limited prospects of synergies with the other operating segments, the Group decided to exit this market and focus on its core operations. In 2021 the Agrifood segment incurred net losses of 11,5 million RON, down from a net profit of 6,2 million RON in 2020.

AGRICOVER CREDIT PERFORMANCE

Increase in market share to 6.15% as at December 2021 while generating a net interest margin of 6.5% during the year are the highlights of a milestone year for the Agrifinance segment of the Group.

RON'000	2021	2020	2019
loans and advances	1,943,480	1,643,270	1,501,419
net interest income	116,944	111,209	94,530
net commission income	7,231	4,739	3,002
profit before tax	65,700	48,573	42,703
cost to income ratio	40.64%	36.59%	41.43%
NPL ratio	2.66%	3.26%	1.43%

2.02 billion RON

nominal value of loans and advances outstanding at 31 December 2021, 18% higher than as at the end of the prior year and 15% constant average growth rate since 2019.

2.66%

non-performing loans ("NPL") ratio as at 31 December 2021, significantly below local market averages and decreasing as compared to the end of 2020. Low cost of risk of 3.5 million RON in 2021 (as compared to 20.6 million RON in 2020) backed by significant cash recoveries of more than 22% from exposures marked as non-performing or high risk as at 31 December 2020.

+35%

accelerated increase in profit before tax driven by low cost of risk and 53% higher net commission income.

40.6%

cost to income ratio increased from 36.6% in 2020 as a consequence of investments in digitalisation (process automation and core banking migration related) accelerated by the Group in 2021 with results in productivity expected in future.

AGRICOVER DISTRIBUTION PERFORMANCE

The Group consolidated its market leader position through solid growth in all business lines achieved during 2021, total revenue increased by 51% as compared to 2020.

RON'000	2021	2020	2019
Trade revenue	1,716,394	1,135,126	1,109,147
Operating profit	62,486	44,769	44,844
Operating margin	3.6%	3.9%	4.0%

+51%

increase in year-on-year trade revenue. Agricover Distribution delivered a strong underlying performance year-on-year with volume growth in all business lines, led by a 47% increase in fertiliser sales.

+40%

increase in Agricover Distribution operating profit. Price rallies (fertiliser prices doubled or even tripled, depending on type, during 2021) and the Group's strategic choice to focus on increasing its market share and reach and on supporting local farmers during fertiliser shortages had a negative impact on the operating margin during the period (decreased to 3.64%).

Risk management

The Group's aim is to support farmers in achieving their potential and, in the process, to support the 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 through the ability of its clients to settled 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.

The Board is responsible to ensure that a robust risk-management operating model is in place within the Group. On strategic opportunities and risk trade-offs, the Board fosters explicit discussions and decision making among top management and the business lines. This enables an efficient deployment of scarce risk resources and an active, coordinated management of risks across the Group. An annual Board meeting or Board committee dedicated to risk management is held. Time slots in the quarterly board meetings or board committees are dedicated to risk management topics, as needed.

The Group Audit Committee oversees how management complies and monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The core objectives of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions, and measure the performance against the identified risks.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Each nonfinancial risk is scored in terms of the risk likelihood and impact (i.e., the cost of risk) allowing us to identify which nonfinancial risks pose the largest threats and require to most attention. The Group understands impact as the present value of all the monetary losses – i.e., deviations from forecasted levels – that will incur if the risk materializes.

Financial risks are quantified in terms of sensitivities, namely the change in performance that is associated with a change in the analysed financial variable or variables and are generally managed by adhering to appropriate limit structures. Sensitivities can be obtained by assembling forecasts of the financial variable, which are then converted into performance using pro-forma statements. Alternatively, average relationships between financial risks and performance with regression analysis based on historical data can be used.

The Group's exposure to most significant risks, how those risks are managed, and how they could affect the Group's financial position and performance are further discussed in Note 10 to the consolidated financial statements presented together with this Report.

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 Agricover Credit. As a result, it is involved in various litigations and legal proceedings arising in the ordinary course of its business. The list of litigations and their potential implications are regularly monitored by the Audit and Risk Committee of the Group. The management considers that the litigation risk has been properly addressed and related expected losses have been provided for where necessary (further refer to Note 29 to the consolidated financial statements presented together with this Report).

As at the date of this Report, the Group is in the process of updating and formalising a Group-wide risk management framework, including its risk appetite statements and significant risks register.

The Group did not undergo any controls, reviews or inspections of regulators or other authorities during 2021 and none are pending as at the date of this Report.

FINANCIAL STATEMENTS ANALYSIS

Group summarized statement of profit or loss[2]

RON'000	2021	2020	2019
Revenue	1,718,380	1,138,172	1,104,567
Cost of sales	(1,643,291)	(1,083,755)	(1,055,079)
Net credit losses on trade receivables	(5,519)	(3,771)	(1,302)
Gross agribusiness margin	**69,571**	**50,646**	**48,186**
Gross agribusiness profit margin	**4.4%**	**4.8%**	**4.5%**
Net interest income	104,338	99,323	82,598
Net fee and commission income	7,231	4,818	3,002
Net credit losses on loans and advances	(3,546)	(20,585)	(10,620)
Net agrifinance income	**108,023**	**83,556**	**74,979**
Gross profit	**177,593**	**134,202**	**123,165**
Operating expenses, net, of which:	(60,895)	(48,353)	(45,575)
Donations and Sponsorships	*(2,630)*	*(1,010)*	*(2,251)*
Operating profit	**116,698**	**85,849**	**77,590**
Net financial result	**(7,579)**	**(4,923)**	**(4,794)**
Income tax expense	(14,737)	(10,670)	(9,806)
Profit from continuing operations	**94,383**	**70,256**	**62,990**
Other information:			
Number of employees	470	420	434

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

Revenue of RON 1,718,380 thousand generated by the Group was 51% higher in 2021 compared to 2020. The increase was led by both higher quantities sold (predominantly for fertilizers) and price rallies. Surges in commodity prices and disruptions of supply chains heightened the availability risk for fertilisers and certain crop protection products. In this difficult context the Group sold 268,064 tons of fertilisers, 47% higher than in 2020. Sales of crop protection products increased by 33% during the same period. Rewarding the trust of our customers and the agricultural community, the Group ensured availability of relevant inputs at reasonable costs. The Group consolidated its leader position on the inputs distribution market by increasing its crop protection products market share to 16.8% (according to Kleffmann reports) with a minimal impact on the gross profit margin, which decreased to 4.4%.

The increase in net interest income, at 12% constant average growth rate since 2019, was led by a similar trend in the gross exposure whereby as at 31 December 2021 the Group exceed the 2 billion RON threshold in total nominal value of outstanding loans and advances granted.

Mindful of its social responsibilities, it is the Group's policy to offer financial support for educational programs developed by Clubul Fermierilor Romani (professional association of Romanian farmers). Such programs are tailored to the needs of young farmers and support the generational change within family-owned farms. Related donations and sponsorships made by the Group in 2021 amount to RON 2,630 thousand, which was more than double compared to 2020.

Operating profit followed the sales trend and increased by 36% in 2021 compared to 2020. Increase of operating expenses are driven by the increased volumes processed and reflect the impact of rising prices. To sustain its steady growth the Group strengthened its team both in term of quantity and capabilities. The number of active employees in continuing operations increased by 50 in 2021, to reach 470 as at 31 December.

GROUP'S SUMMARIZED STATEMENTS OF FINANCIAL POSITION

RON'000	31 December 2021	31 December 2020 - restated	31 December 2019
Assets			
Non-current assets	**628,075**	**626,539**	**497,769**
Long term loans and advances to customers	578,954	500,021	383,185
Intangible assets, Property, pland and equipment and Rights of use assets	36,039	100,252	92,605
Other non-current assets	13,082	26,266	21,979
Current assets (including assets held for sale)	**2,184,732**	**1,707,668**	**1,679,125**
Loans and advances to customers	1,370,939	1,150,620	1,124,864
Trade and other receivables	458,175	394,100	401,825
Inventories	118,033	63,242	60,761
Other current assets	135,590	99,706	84,605
Assets classified as held for distribution	106,994	-	25,070
Total assets	**2,817,807**	**2,334,207**	**2,194,894**
Equity and Liabilities			
Total equity	**585,677**	**499,381**	**442,068**
Non-current liabilities	**691,328**	**634,064**	**589,647**
Borrowings and Leases	691,328	632,448	585,762
Deferred tax liabilities	-	1,616	3,885
Current liabilities	**1,540,802**	**1,200,762**	**1,163,179**
Borrowings and Leases	999,041	860,034	843,176
Trade and other payables	425,946	332,217	304,957
Other liabilities and provisions	31,283	8,511	12,606
Liabilities directly associated with the assets held for distribution	84,532	-	2,440
Total equity and liabilities	**2,817,807**	**2,334,207**	**2,194,894**

Increase in **total assets** by RON 483,599 thousand as at 31 December 2021 compared to end of 2020 was driven mainly by the surge in **loans and advances granted to customers**.

The 18% increase in loans and advances to customers was driven mainly by higher tickets per client, with the average exposure per client increasing by 17% in 2021 as compared to 31 December 2020. The number of products per client increased in 2021 to 2.09 on average as compared to 2.07 as at 31 December 2020.

	31 December 2021	31 December 2020	31 December 2019
Loans and advances to customers (RON'000)	1,949,893	1,650,641	1,508,049
Number of clients	3,846	3,811	3,434
Average exposure per client (RON'000/ client)	**507**	**433**	**439**
Number of contracts	8,047	7,891	6,969
Average value per contract (RON'000/ contract)	**242**	**209**	**216**
Products pe client (no contracts / no clients)	**2.09**	**2.07**	**2.03**

Increase in current loans and advances to customers by RON 220,319 thousand was supported by 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. To ensure availability of inputs, the Group decided to build-up relevant inventories of fertilisers and plant protection products.

To fund the increase in loans and advances to customers the Group tapped the capital markets through a EUR 40 million bond issue listed on the Bucharest Stock Exchange starting March 2021. The remaining increase in borrowings represents additional drawings and new contracts with local banks and international financial institutions, as shown in the next page.

	31 December 2021 (RON'000)	31 December 2021 weight (%)	31 December 2020 (RON'000)	31 December 2020 weight (%)
Borrowings from local banks	953,661	57%	899,426	61%
Borrowings from international financial institutions	520,173	31%	570,555	39%
Issued bonds	203,036	12%	-	-
Total borrowings	**1,676,870**	**100%**	**1,469,981**	**100%**

With a view to improve efficiency of resources and better manage risks, the Group decided to spin-off its agrifood segment represented by its subsidiary Abatorul Peris SA, which was effectively transferred in 2022 to a new holding entity with the same shareholding structure as Agricover Holding. The demerger project was approved by the board of directors of Agricover Holding on 26th of May 2021 and then by its shareholders on 11th of August 2021. The demerger project was finalized in February 2022, when the investment was derecognised. Related assets and liabilities were transferred to assets held for distribution respectively liabilities directly related to assets held for distribution as at 31 December 2021, as presented in the table below.

RON'000	31 December 2021
Non-current assets	87,610
Inventories	9,273
Trade and other receivables	9,199
Cash and cash equivalents	912
Total assets held for distribution	**106,994**
Borrowings	46,194
Other liabilities	38,338
Total liabilities directly associated with assets held for distribution	**84,532**

Group's summarized cash-flow statements

RON'000	2021	2020	2019
Sources of funds			
Cash generated from financing activities	223,280	50,383	216,607
Used in			
Cash used in operating activities	(198,776)	(36,759)	(198,374)
Cash (used in) / generated from investing activities	(16,393)	(4,900)	31,099
Effect of exchange rates on cash and cash equivalents	(195)	1,265	-
Net increase in cash and cash equivalents	**7,916**	**9,989**	**49,332**
Cash and cash equivalents at the beginning of the period	94,593	84,605	35,273
Cash and cash equivalents at the end of the period	**102,509**	**94,593**	**84,605**

In 2021 the Group diversified its funding by tapping into the capital markets with a EUR 40 million bonds issue listed on the Bucharest Stock Exchange. The bond is unsecured and includes certain financial covenants that the Company or its subsidiaries have to comply with. The Company has complied with all financial covenants imposed by the issued bond during 2021. Non-compliance with bond financial covenants would result in the bondholders having the right to early call the bond, at its nominal value plus any accrued interest, provided that at least 25% of the bondholders are in favour of exercising this contingent option.

Other significant sources of funds are represented by local banks (57% of borrowings as at 31 December 2021) and international financial institutions (31% of borrowings as at 31 December 2021). 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 2021 and 2020 reporting periods. 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 223,280 thousand during 2021 (2020: RON 50,383 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 to RON 198,776 thousand by the increase in net working capital, as the Group provided both the financing and the agriculture inputs, especially fertilisers 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 16,393 thousand (2020: RON 4,900 thousand) and mainly relates to Group's investments in IT research and development activities as well as internal process improvements and digitalisation projects. Acquisitions of fixed assets used for continuing operations were mainly financed by collecting on long term receivables related to fixed assets sales in prior periods.

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 investments cash outflows[3]

RON'000	2021	2020	2019
Cash paid for capital investments:	**15,155**	**5,435**	**4,830**
Agricover Distribution	3,480	3,580	3,236
Agricover Credit	4,729	1,855	1,594
IT development	6,946	-	-

Cash paid for capital investments almost tripled in 2021 as compared to 2020, reaching RON 15,155 thousand (2020: RON 5,435 thousand). Main additions in 2021 are represented by IT development costs incurred with crop360 platform and digitalisation projects within Agricover Credit whereby SAP core banking system is being implemented (go-live estimated for January 2023).

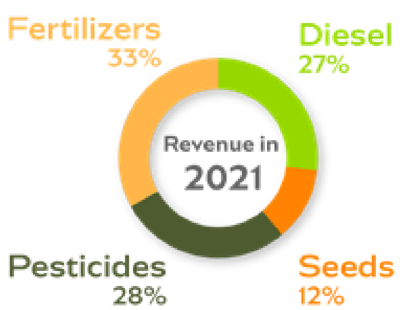
The Group launched its Crop360 platform in November 2021 with the aim of offering farmers real time access to services and data needed for their daily activities. Investments of the group in software development reached RON 8,210 thousand with an additional RON 895 thousand invested in related research activities. The Group's strategy is to continue investments in digitalisation and precision agriculture tools to give local and regional farmers effective and efficient means to increase their yield in a sustainable fashion. Such 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.

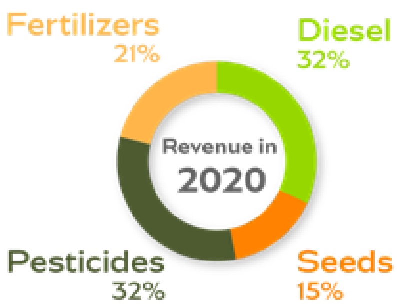
[3] *The Group presents investments in continued operations, excluding any investments performed by segments discontinued by the Group during the presented periods.*

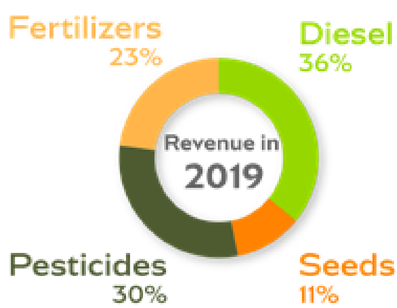
Agricover Distribution summarised statement of profit or loss

RON'000	2021	2020	2019
Revenue	1,716,394	1,135,126	1,105,247
Cost of sales	(1,622,851)	(1,065,788)	(1,036,167)
Net credit losses on trade receivables	(5,519)	(3,771)	(1,302)
Gross agribusiness margin	**88,024**	**65,567**	**67,778**
Gross agribusiness profit margin	**5.1%**	**5.8%**	**6.1%**
Administrative expenses	(25,639)	(21,419)	(22,002)
Other gains/(losses)	99	622	(932)
Operating profit	**62,486**	**44,769**	**44,844**
% Net profit/ Revenues	**4%**	**4%**	**4%**
(Add back) Depreciation and Amortization	7,926	6,744	5,934
EBITDA	**70,412**	**51,513**	**50,778**
Net financial result	(17,915)	(10,700)	(14,363)
Income tax expense	(5,894)	(4,207)	(3,913)
Profit from continuing operations	**38,677**	**29,862**	**26,568**

Of the 2021 Group's gross profit 39% is generated within the agribusiness segment. Its increase, 25% constant average growth rate since 2019, was led by both higher quantities sold and price rallies. A breakdown of trade and other revenues per types of goods sold is presented below.







Cost of sales and credit losses on trade receivables had similar trends to revenue resulting in a 34% increase in gross profit in 2021 as compared to 2020.

The increase in administrative expenses was significantly below the surge of the gross profit. Administrative expenses increased by only 20% in 2021 leading to a 40% increase in operating profit for the year and a 37% increase in EBITDA as compared to 2020.

Agricover Distribution has a policy of distributing around 65% of its net profit as dividends. In order to manage its capital structure, it may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The dividends distributed in 2021 were RON 16,707 thousand (2020: RON 24,372 thousand). Dividends collected by Agricover Holding are generally reinvested within the Group to finance the expansion of the loans and advances portfolio of Agricover Credit or as CAPEX in IT research and development projects.

Agricover Credit summarised statement of profit or loss

RON'000	2021	2020	2019
Net interest income	116,944	111,209	94,530
Net fee and commission income	7,231	4,739	3,002
Net credit losses on loans and advances	(3,546)	(20,585)	(10,621)
Net agrifinance income	**120,629**	**95,363**	**86,911**
Administrative expenses	(46,230)	(38,566)	(37,409)
Other gains/(losses)	(8,698)	(8,224)	(6,799)
Operating profit	**65,700**	**48,573**	**42,703**
Income tax expense	(8,842)	(6,463)	(5,893)
Profit for the year	**56,857**	**42,110**	**36,810**

Net interest income increased by a constant average growth rate of 11% since 2019 on the back of an increase in the value of loans and advances granted. The market share increased in the same period to 6.15% as at 31 December 2021, when the total nominal value of outstanding loans and advances to customers exceeded the 2 billion RON threshold.

The year marked a steep increase in insurance intermediation activities, highlighted by a 53% surge in net fee and commission income.

The net credit losses on financial assets decreased compared to the prior year as 2021 was excellent in terms of weather for agriculture, with record yields and harvested cereals quantities. In this context, in 2021 Agricover Credit IFN collected a significant part of loans and advances that were marked as high risk and had a high allowance coverage at 31 December 2020. Adding to the impact is the fact that 2020 was on the negative side in terms of weather, with severe draughts which imposed a conservative approach for the Group in terms of its assessment of the credit quality of its customers and its measurement of related expected credit losses.

The administrative expenses were kept under control by timely monitoring of costs and measures taken in case of any deviations from the budget. The cost to income ratio for the year reached 40.64%, well below the banking market average.

Agricover Credit IFN does not distribute dividends as profits are reinvested in digitalisation and operational effectiveness projects and in financing the accelerated increase in loans and advances granted to farmers. Migration to SAP as core banking system and to an updated version of the loans origination system are ongoing, with go-live expected beginning of 2023. Related CAPEX is budgeted at around 4 million EUR.

Agricover Holding Invetments

In its separate financial statements Agricover Holding measures its investments in subsidiaries and associates at cost. Company's investments in subsidiaries and associates are detailed in the next page.

The table below presents details of investments in subsidiaries and investments in associated entities:

Entity name	Country	Relationship	% participation as at			thousand RON as at		
			31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2021	31 Dec 2020	31 Dec 2019
Agricover Credit	Romania	Subsidiary	99.99%	99.99%	99.99%	130,544	130,544	120,544
Agricover Distribution	Romania	Subsidiary	86.62%	86.62%	86.62%	182,241	182,241	182,241
Abatorul Peris SA (*)	Romania	Subsidiary	-	96.84%	96.84%	-	27,330	17,340
Agricover Technology (**)	Romania	Subsidiary	100%	100%	-	13,045	45	-
Agroadvice SRL	Romania	Subsidiary	50%	50%	50%	0	0	0
Investments in subsidiaries						325,830	340,160	320,125
Danube Grain Services SRL (***)	Romania	Associate	24%	24%	24%	-	1,758	1,758
Investments in associates						-	1,758	1,758
Total investments						325,830	341,918	321,883

(*) Abatorul Peris SA is currently classified as held for distribution.
(**) Two rounds of share capital increase in Agricover Technology SRL were performed in 2021:

- RON 3,000 thousands, cash contribution, in July, and
- RON 10,000 thousands, cash contribution, in December.

(***) As of December 31st, 2021 the management analysed the investment in Danube Grain Services SRL and concluded that it is no longer recoverable (related losses of RON 1,758 thousand were recognised as other operating expenses).

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 are likely to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

On the inputs side, fertiliser prices had already doubled or tripled, depending on the type, even before the conflict. Commodity Markets Outlook report issued by World Bank in October 2021 highlights that the rally in energy prices, especially coal and natural gas, has sharply increased agricultural input costs, including fertilisers and crop protection products. High energy prices forced some chemical companies to halt or reduce production capacity. Surging natural gas prices in Europe resulted in widespread production cutbacks in ammonia—an important input for nitrogen fertilisers—while escalating thermal coal prices in China led to a rationing of electricity use in some provinces and forced fertiliser factories to cut production. Significant production facilities in Romania have interrupted their activity due to increased energy and gas prices.

In addition to the market turmoil created by surging commodity prices, China has announced the suspension of fertiliser exports until June 2022 to ensure domestic availability amid food security concerns. China's exports of DAP (diammonium phosphate) and urea account for approximately one-third and one-tenth of global trade, respectively. Adding to supply concerns, Russia announced restrictions on nitrogen and phosphate fertiliser exports for six months, effective December 1, 2021.

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 corn). In Ukraine the war is expected to result in lower yields and area planted. In Russia the risks are economic sanctions, reluctance of traders to buy from a heavily sanctioned country and export restrictions imposed by Russia itself.

After several poor harvests, frantic buying during the pandemic and supply-chain issues since, global stocks are 31% below the five-year average, according to an analysis of the Economist. Wheat prices, which were already close to 50% above their 2017-21 average in mid-February, have risen by another 25% since the invasion of Ukraine started.

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 Romanian 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. The negative impact of increased inputs prices on the farmers' profit is balanced by higher output prices and higher international demand for crops. 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 could strengthen the strategic importance of the Romanian agriculture and have a positive impact on its development.

In view of all the above, as at the date the consolidated financial statements were authorised for issue, the situation in Ukraine and its consequences on the economic environment are extremely volatile and inherently uncertain. While the Group does not have a significant direct exposure on neither Ukraine, Belarus or the Russian Federation, given the ongoing and dynamic nature of the conflict and its repercussions on the global and regional economic environments, the management concluded that a reliable estimate of the financial impact on the Group cannot be presently made. Looking ahead, as main offerings of the Group (including financing, fertilisers and crop protection products) are becoming more and more valuable, 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 initial maturity and bear a 3.5% fixed coupon. The proceeds from bonds were used to finance the loans granting activity of Agricover Credit IFN. The Group paid the first coupon on the bonds amounting to a total of EUR 1.4 million on 3rd of February 2022. The clear price of the bonds as at 31 December 2021 was 102.89 (total fair value of the bonds amounts to RON 209,902 thousand) as based on the latest transaction on the Bucharest Stock Exchange on 23rd of December 2021.

THE DIRECTORS' DECLARATION:

The Directors of Agricover Holding hereby declare that, subject to their knowledge, the audited separate and consolidated financial statements of Agricover Holding for the year ended 31 December 2021 were prepared in accordance with Order no. 2844 for the approval of accounting regulations in accordance with the International Financial Reporting Standards issued by the Romanian Ministry of Finance on 12th of December 2016, with subsequent amendments and modifications ("Order 2844") and are in compliance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), provide a correct image reflecting the reality of the assets, liabilities, financial position and profit and loss account of Agricover Holding or its subsidiaries included in the process of consolidation of its consolidated financial statements and the Directors' Report includes a correct analysis of the Group's developments, consolidated performance of the Group and separate performance of Agricover Holding during the year, as well as a description of the industry specific main risks and incertitude..

THE AUDIT AND RISK COMMITTEE REPORT

ABOUT THE COMMITTEE:

The Audit and Risk Committee comprises three members:

- Madeline Alexander, President of the Committee, Independent Expert
- Martin Elling, member, Non-Executive Director
- Stefan Bucataru, member, Non-Executive Director

The members of the Committee have significant financial and business experience. The length of tenure of the members of the Audit and Risk Committee, as at 31 December 2021, is set out below:

- Madeline Alexander, 1 year and 6 months
- Martin Elling, 4 years and 1 month
- Stefan Bucataru, 4 years and 1 month

During 2021, there were no changes in the composition of the committee.

DUTIES AND RESPONSIBILITIES:

The principal duties and responsibilities of the Audit and Risk Committee include the following, related to Agricover Group (comprising Agricover Holding SA and its main subsidiaries, Agricover Distribution and Agricover Credit):

- monitor the integrity of the financial statements (including the Annual Report and Interim Report), standalone as well as consolidated;
- monitor choice of accounting policies and principles, specifically monitor and review the financial reporting process, review and challenge the judgements of management in relation to interim and annual financial statements;
- review the effectiveness of the Company's internal financial controls and internal control and risk management processes;
- oversight of regulatory compliance, ethics, and whistleblower hotlines specifically review the Company's whistleblowing arrangements, procedures for detecting and preventing fraud and systems and controls for the prevention of bribery;
- review the effectiveness of the Internal Audit function and exercise oversight over the Internal Audit function;
- review and monitor Management's responsiveness to the findings and recommendations of the Internal Auditor;
- oversee the hiring, performance, and independence of the external auditors, specifically oversee the relationship with the External Auditor, including performance of the External Auditor and reviewing the scope and results of the audit and the effectiveness of the process; approve auditors' fees, including non-audit fees.

REPORTING

For this report, the GROUP comprises the following companies:

1. **Agricover Holding SA**
2. **Agricover Distribution**
3. **Agricover Credit**
4. **Abatorul Peris SA**

On February 24, 2022, the President of the Audit and Risk Committee presented to the Board this Committee annual activity report.

The President of the Audit and Risk Committee is available at the Company's AGM to answer questions on the report on the Audit and Risk Committee's activities and matters within the remit of the Audit and Risk Committee's role and responsibilities.

MEETINGS

The Audit and Risk Committee met seven times during the 2021 on the following dates: February 22, April 16, June 24, August 20, September 20, November 22, and December 13.

All Committee members participated, and the meetings were minuted. The topics discussed followed the objectives of the Committee. For details, please refer to the meeting agendas of each of the Committee meetings. Furthermore, based on the topics of the agenda, the meetings were attended by the Internal Auditor and various members of the management (including subsidiary CFOs). The External Auditor also attended a part of these meetings as required in order to report on the progress of the External Audit, to present findings, the materiality calculated for the scope of the audit, audit risks, and other key matters.

KEY ACTIVITIES IN 2021:

Financial Reporting

The primary role of the Audit and Risk Committee, in relation to financial reporting, was to review the appropriateness of the 2021 half-year and the 2020 annual financial statements (statutory and individual/consolidated IFRS), with both management and the External Auditor, and to report to the Board.

Amongst other matters, this review focused on:

- monitoring of the financial reporting process;
- the appropriateness of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements; and
- material areas in which significant judgement was applied, or discussions took place with the External Auditor.
- monitoring the process of management override of controls;
- assessing the implications of new financial reporting requirements for Agricover Holding SA, under ESEF "European Single Electronic Format", and monitoring progress towards first time implementation;
- the process of selection and implementation of the new Core Banking System;

Relationship with the External Auditor

With a 3-year mandate, KPMG Audit SRL ("KPMG") is the external auditor. KPMG's mandate will expire in 2023. The Audit and Risk Committee considers the external auditor as being independent in its role. During the year, there was no request for non-audit services from the appointed External Auditor.

The Audit and Risk Committee collaborated well with the External Auditor and all requests submitted to the auditor were addressed. The communication was fluid and value adding.

Internal audit

The internal audit department is led by Mr. Florin Minea, in his capacity as Group Internal Audit Manager, and his team comprises 2 internal audit members.

The Internal audit department carries out the internal audit function of the entire Group. Internal audit plans were designed and carried out for Agricover Distribution and Agricover Credit (Agricover Holding had no operational role). No internal audit mission was carried out for Abatorul Peris SA, as a decision to demerge it from the Group was made early in the year (and to report it in the consolidated financial statement as a "discontinued line of business").

The Group Internal Audit Manager (Mr. Florin Minea) has responsibility for all Internal Audit matters and ensuring the effective operation of the Internal Audit function. The Group Internal Audit Manager independently reports to the Audit and Risk Committee in relation to the work and findings of the Internal audit function, as well as to management's responsiveness to the findings and recommendations of the Internal audit function.

During 2021 the Audit and Risk Committee monitored the completion of the 2021 Internal Audit plan as it was approved by the Board at the end of 2020. The findings, the implementation of agreed action plans, and the follow-up engagements were overseen by the Audit and Risk Committee. Any changes to the Internal audit Plan were discussed and agreed upon by the Audit and Risk Committee prior to taking effect. The changes made during the year were related to timing only.

The following internal audit engagements were finalized during 2021:

For Agricover Credit IFN:

- KYC/AML/CFT/IS (rated green-satisfactory);
- Soft collection (rated yellow – some improvement opportunity);
- Hard collection (rated green-satisfactory);
- Provisioning (rated yellow – some improvement opportunity);
- Individual exposure monitoring (rated green-satisfactory).

For Agricover Distribution:

- Commercial policy (rated orange – major improvement opportunity);
- Seeds and CPP purchasing (rated orange - major improvement opportunity);
- Fertilizers purchasing and sale (rated orange – major improvement opportunity);
- Acquisition of transportation services (rated yellow – some improvement opportunity);
- Inventory management (rated green-satisfactory).

All internal audit engagements considered the element of management override of controls and were visible to the Audit and Risk Committee for monitoring and risk assessment.

The Audit and Risk Committee also reviewed and approved the Internal Audit Plan for 2022, both for Agricover Credit IFN and Agricover Distribution, and recommended its approval by the Board.

Risk management

The Committee's main duties from a risk management perspective encompass the review of the Group's overall risk assessment processes, including the ability to identify and manage new risks. Additionally, it is responsible for considering the appropriateness of the Group's risk review process and advising the Board in respect of the current risk exposures of the Group.

The Group's risk management framework continues to be enhanced. During 2021, the Audit and Risk Committee oversaw the implementation of a Compliance Framework for Agricover Distribution and a Fraud Prevention and Whistleblowing Policy at Group Level. Also, a review of the Risk Management Framework at Group level was initiated and will be finalized in 2022.

As part of the risk management oversight, the Audit and Risk Committee reviewed the annual compliance reports for Agricover Credit IFN and Agricover Distribution. Also, the annual report related to fraud prevention and whistleblowing policy have been reviewed. No significant topics have been registered.

The Audit and Risk Committee regularly monitored:

- the list of litigations and their potential implications;
- the results of the various controls/audits performed by local authorities and regulators;
- changes in management and their possible implications;
- COVID 19 update and its impact on the business;
- any significant business changes or activities such as the listing of the €40 mil corporate bond on the Bucharest Stock Exchange in May 2021 and its related reporting requirements.

Corporate Governance

The Committee monitored upcoming changes in management (top positions) and assessed the impact of those changes and discussed recommendations. Furthermore, a review of the Group Corporate Governance Guidelines, the Terms of Reference for the Board of Directors and for the Remuneration Committee was initiated during 2021. The revised versions of the corporate documents is to be reviewed during the first meeting in 2022 of the Audit and Risk Committee.

Other topics overseen by the Audit and Risk Committee

During 2021, the Committee monitored the process of demerging Abatorul Peris SA from the Group. The process was finalized on February 2022.

AGRICOVER

3. Sustenability Report

Non-Financial Declaration

LEGAL FRAMEWORK

This non-financial declaration contains information on the activity of the Agricover Group for 2021, as well as relevant information that contributes to understanding social and environmental performance and assesses the impact of our activity on the local market. The importance of business disclosures of sustainability information, such as social and environmental factors, to identify sustainability risks and increase investor and consumer confidence is known in the European context. The presentation of non-financial information is a determining factor in managing the transition to a sustainable global economy that combines long-term profitability with social justice and environmental protection. In this context, the presentation of non-financial information contributes to the measurement, monitoring, and management of the performance of enterprises and their impact on society.

In accordance with the provisions of the Order of the Ministry of Public Finance No. 3456/2018 on the modification and completion of accounting regulations (i.e. Order 1802/2016), entities which at the balance sheet date exceed the criterion of having an average number of 500 employees during the financial year, must include in the directors' report or issue a separate non-financial declaration, which, in so far as it is relevant to the understanding of the development, performance and position of the group and the impact of its activity, provide information on at least: environmental, social, human rights, labor, fight against corruption and bribery matters.

Thus, in the light of the above provisions, Agricover Holding S.A. is required to issue a non-financial declaration for the year 2021.

The need to improve the presentation of social and environmental information by businesses was reiterated in the European Commission Communication of 25 October 2011 entitled 'A new EU strategy (2011-2014) for corporate social responsibility' and subsequently adopted by EU Directive No 17/2002.' 95/2014.

SUSTENABILITY STRATEGY

The Sustainability Strategy is an essential element of the way Agricover Group operates its current business. In this respect, we take great care to leave a positive footprint on the environment, the communities to which we belong, business partners and employees.

To provide the fullest possible understanding of how Agricover Group operates and to identify relevant and significant aspects of the Group's activity, we have analyzed the European regulations and national legislation regarding non-financial reporting, as well as other internationally reporting standards. This non-financial statement contains information on our business, as well as relevant information that contributes to understanding social and environmental performance, as well as the impact of our activity in the local and regional business community.

Environmental aspects

Labor aspects

Social aspects

Human rights and diversity

Combating fraud and corruption

Within Agricover Holding S.A. we have adopted a multi-stakeholder practice and pursue sustainable growth, focused on fair reconciliation, to achieve our own business goals and allowing our partners to achieve theirs.

OUR APROACH

Sustainability management is based on the search to align the Group's development interests and objectives with the principles of common human values, trends and global development priorities at national and international level. This approach involves integrating economic, environmental and social objectives into the corporate governance system when making business decisions.

In terms of our role in engaging business relationships with our partners, we are constantly working to identify and promote solutions to reduce the consumption of natural resources and to eliminate potential environmental risks. As many Romanian farmers as possible need to develop successful businesses so that Romanian agriculture reaches its development potential and continues to have a say in European and international agriculture. The more Romanian agriculture becomes a recognized model of sustainable approach, the more the Agricover Group will have fulfilled its role as a local and regional leader. Equally, in our internal activity, we systematically assess our environmental impact and introduce control measures to reduce environmental risk to as low a level as possible.

Agricover Holding S.A. is a strong promoter of collaboration, promoting partnerships with common values that amplify our collective efforts, reducing costs and exponentially increasing the positive impact.

We start in our local communities and work to get as many partners as possible involved. We look beyond the purely transactional aspect of business relationships and work together to develop programs that are widely applicable to drive sustainable and meaningful change. Through our core activity, we support the achievement of the United Nations Sustainable Development Goals (SDGs) by 2030. The 17 SDGs are the global strategy for achieving a better and more sustainable future for all of humanity. They start from recognizing the major challenges we face worldwide, including poverty, inequality, climate change, environmental degradation, peace and justice, and propose solving them on the basis of international best practice.

We are continuously developing our business model so that through our corporate objective we achieve positive long-term results for our group, value for our shareholders and increased levels of satisfaction for our internal and external partners.

Agricover Holding S.A. recognizes the relevance and importance of environmental liability risks, especially in the context of the SDG-2 imperative 'Eradication of Hunger' in terms of the instrumental role of the agri-food sector, which is to provide key solutions for economic development and the eradication of hunger and poverty.

Romanian farmers contribute to the achievement of SDG-2 through the ever-growing production and significant export of cereals and oilseeds. In 2021, the total annual production of cereals and oilseeds harvested in Romania was over 34.2 million tons while in 2020 the production of the main crops in Romania was 19.2 million tons). Despite its already strong position in the European Union, the Romanian agricultural sector still has significant growth potential. Today, only about half of its agricultural capacity is professionally exploited, and average yields are half that obtained by farmers in France and Germany. However, Romanian farmers are rapidly adopting new agricultural technologies and practices.

In this context, Agricover's role in facilitating the business success of the country's farmers makes a direct contribution to supporting overall efforts to overcome the challenges posed by the continued population growth of the planet. At the same time, we promote the sustainable use of natural resources. In our core work, we actively support the achievement of SDG 2 - "Eradication of hunger".

In terms of our role in engaging business relationships with our partners, we are constantly working to identify and promote solutions to reduce the consumption of natural resources and to eliminate potential environmental risks. As many Romanian farmers as possible need to develop successful businesses so that Romanian agriculture reaches its development potential and continues to have a say in European and international agriculture. The more Romanian agriculture becomes a recognized model of sustainable approach, the more the Agricover Group will have fulfilled its role as a local and regional leader. Equally, in our internal activity, we systematically assess our environmental impact and introduce control measures to reduce environmental risk to as low a level as possible.

In Romania, we focus not only on supporting the country's 4,000 large farmers (working 400 hectares or more), but also on the 20,000 small owners (who work between 50 and 400 hectares), whose productivity lags far behind those in the developed countries of the European Union. Agricover is not a technology company, but its network of suppliers of agricultural technologies includes the largest and most innovative firms worldwide. At the same time, our network of lenders and financial investors includes the largest international financial institutions. Also, new solutions offered to farmers allow them to use digital technologies to increase their efficiency, to reduce costs and diminish the consumption of plant nutrition and plant protection products. We believe that the large-scale adoption of state-of-the-art technology by as many farmers in Romania as possible can help to maximize production for each hectare of the country's significant agricultural capacity. Sustainable maximization of agricultural productivity and resource efficiency is vital to protecting the environment. Therefore, our role is mainly to facilitate an essential link between beneficiaries and suppliers of technology and finance.

As at the date of this report Abatorul Periș is no longer part of the Group. However, the sustainability report includes relevant details about the activity of Abatorul Periș as considered significant by the management for a full understanding of the Group's activity during 2021, from a sustainability perspective.

EMPLOYMENT ASPECTS

In the vision of Agricover Holding S.A., sustainable economic growth is based on companies that create jobs that enable employees to carry out quality activities. Personnel issues are generally universally valid and must take into account the needs of marginalized and disadvantaged social groups and contribute to reducing any form of inequality or discrimination, whether on the basis of sex, religion or ethnicity. Ensuring healthy living conditions and promoting quality of life regardless of age is the basis for any sustainable development.

At the core of our human resources policy are the following principles:

Voluntary ocupation of the work force:

Employment shall be made solely on a voluntary basis. Any kind of constraints in employment are prohibited.

Working time

Working hours are in accordance with the applicable labor law in Romania. The working week has 40 hours with the provision of two consecutive days of weekly rest. Overtime shall be carried out at the request of the manager, with the agreement of the employees, in which case the working time, including overtime, shall be limited to 48 hours per week. If overtime compensation with paid time off is not possible within the legal time limit, payment of those hours shall be made in accordance with the legislation in force.

Unions “Freedom of salary negociation “

Every employee has the right to join unions and negotiate the salary. Employee representatives should not be discriminated against and must have access to all workplaces in order to be able to oversee according to their labor representative position. There are currently no unions of Group’s employees, but every year the Group is sending a social dialogue invitation to its employees.

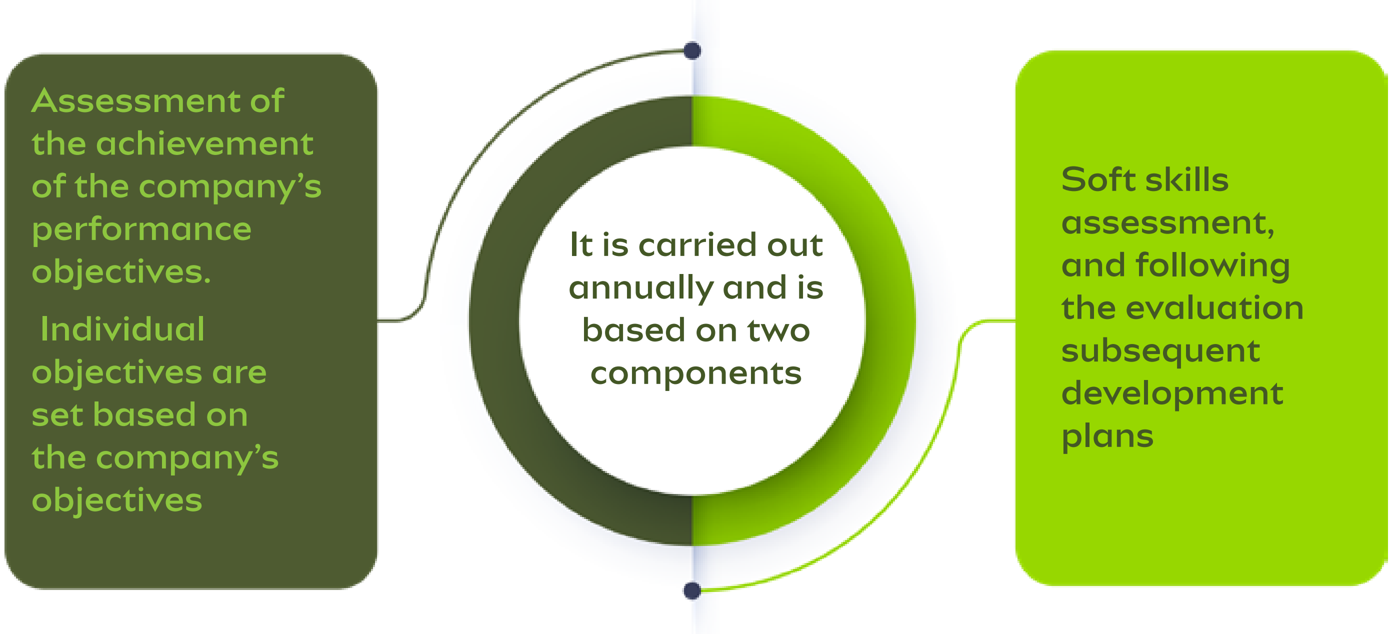
Exclusion of the underage employment

Within the Group we employ people who are at least 16 years of age. For young people up to 18 years of age, the working time is 6 hours per day and 30 hours per week.

Appropriate Remuneration And Promotion Opportunities

The Group guarantees employees an appropriate income in accordance with the legal provisions. Prior to employment, persons who are to start their work shall be explicitly provided with information on the role and related contractual conditions. Employees are supported and, as far as possible, are considered for future management functions. Appropriate working conditions are made available to all employees in accordance with the general working conditions of the relevant national standards and rules.

Employees assesment



The variable remuneration is set as % of the annual salary for back offices and as a percentage of the contribution to the performance of the company for sales functions. At Group level, there is a unified approach related to variable remuneration based on the level/the role held in the company, as well as the contribution made by each employee to achieving the Group’s business objectives. Our focus is to maintain a balance between the alignment with the employment conditions offered by other employers and the need for fair differentiation between employees by recognizing the individual contribution to the objectives of the Group.

Agricover Group employs 941 people whose expertise provides our main source of competitive advantage.

One of the priorities of our human resources policy is to provide equal opportunities by ensuring a constant balance in the relationship between women and men, both in terms of the possibility of promotion to a leadership position and in terms of the application of wage practices or training policy.

	Nb of employees			%	
	Men	Women	Total	Men	Women
Agricover Distribution	163	115	**278**	58,6%	41,4%
Agricover Credit IFN	72	109	**181**	39,8%	60,2%
Abatorul Peris	290	181	**471**	61,6%	38,4%
Agricover Technology	6	5	**11**	54,5%	45,5%
Total Agricover Group	**531**	**410**	**941**	**56,4%**	**43,6%**

Our interest in covering staff needs is manifested by the regular hiring of highly educated staff in our field of activity and by the organization of training courses and continuous improvement of existing staff. Thus, out of 941 employees on 31.12.2021, 9% of employees hold postgraduate studies (doctorate, in-depth studies, and masters), 34% are graduates of higher education, 24% have high school education, 30% have vocational studies and 3% hold general and other qualification studies.

Postgraduate studies	**80**	**941 employees**
Higher education (university degrees)	**321**	
Highschool degrees	**230**	
Qualification studies	**280**	
Primary education	**30**	

During 2021, the Group recruited 265 new employees resulting in 154 women and 111 men employed, but the difference is significant in terms of the number of departures (higher in men's segment).

At Group level, 30 employees were granted pregnancy or childcare leave. After the end of parental leave, all our employees are reintegrated into the same job with the same wage rights. This is guaranteed by the Romanian legislation and the provisions of the Collective Labor Agreement. Under Romanian law, parental leave can last up to 2 years, depending on the employee's choice. Also, 492 employees were granted sick leave, most cases being linked to Covid19 pandemic.

HEALTH AND SAFETY

We want to protect employees from accidents and actively promote health and safety at work. In this respect, a safe, healthy, and hygienic working environment is guaranteed. Labor protection measures shall be promoted taking into account specific hazards within the industry. Physical treatment, non-usual threats, punishments or disciplinary measures, sexual or other molestation or intimidation are prohibited.

According to the internal regulations for the granting of protective equipment, employees benefit from specialized training and personal protective equipment according to the risk assessment for each activity. Improvement measures provide for the retraining of staff in all their locations and stores regarding the use of equipment and equipment to maintain the target of zero accidents/work incidents.

In 2021, we have continued the preventive practices to fight the Covid19 pandemic and to protect our employees. The total amount spent for this purpose was RON 576.629.

The health and safety objectives are:

- Zero work accidents resulting in the death of employees
- Monitoring and analysis of work incidents with a view to preventing accidents at work and occupational diseases.
- Support by the company's management of activities aimed at improving occupational health and safety.

TRAINING OF EMPLOYEES

We state that well-trained, informed and involved staff help improve performance. For all this, we have developed an employee development plan that is based on a series of training modules on process improvement, qualification, efficiency in solving tasks, development of presentation skills, technological courses, negotiation, etc.

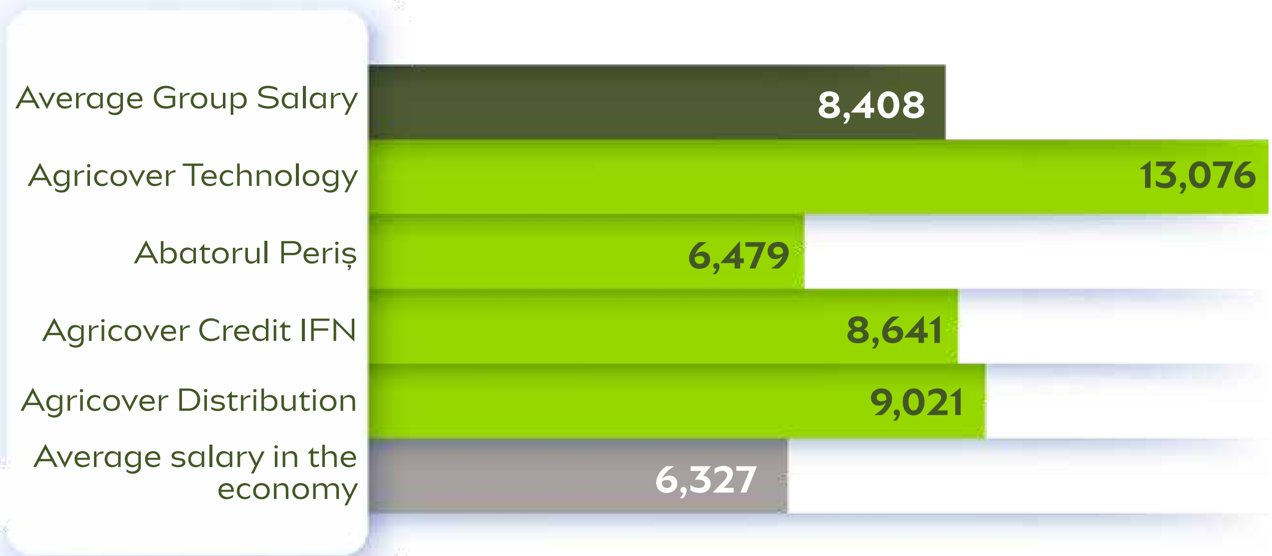
The total amount invested in employees training amounted to RON 300.044 and 361 employees (38 % of the number of employee) received vocational training.

EQUITABLE REMUNERATION

Another relevant topic for us is a fair remuneration of employees, ensuring equal salary for similar work and further motivating employees whose qualifications and performance contribute to the successful achievement of our business objectives. The remuneration plan is based on the principles of fairness, transparency, fairness and competitiveness of wages and occasional growth linked to better performance. Continuous monitoring of the labor market allows us to respond promptly to any wage changes in areas where we have operations, thus keeping them at competitive levels. We have constantly examined inflation levels and changes in employees' purchasing power and, based on the conclusions of such assessments, we can respond promptly to any challenges.

AVERAGE GROSS SALARY

(in RON, w/o management and production personnel)

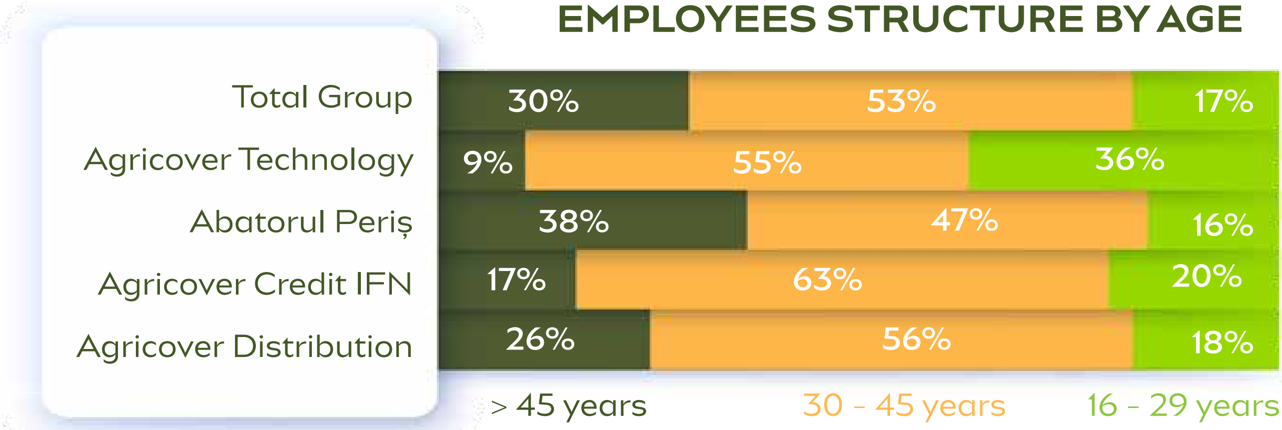


HUMAN RIGHTS, DIVERSITY AND EQUALITY OF CHANCES

The Group respects and ensures human rights, recognizes their importance. The Group fully supports the fundamental principles set out in the Universal Declaration of Human Rights, the Charter of Fundamental Rights of the European Union, the Convention for the Protection of Human Rights and Fundamental Freedoms, the declarations and conventions of the International Labor Organization and other international human rights documents. The Group's alignment with these principles is reflected in our policies and actions in relation not only to our colleagues, but also to customers, partners, representatives of local communities and everyone else we interact with. Success in achieving business objectives must be inclusive and provide all those with whom we interact, both inside the organization and outside, sustainable professional relationships promoting equality and equity.

The Group supports diversity and recruits, hires, evaluates, awards, trains and provides the same working conditions to people regardless of gender, sexual orientation, age, race, color or ethnicity. For employees aged between 16 and 30 years our policy includes a system of priorities and measures aimed at attracting employees included in this group and creating conditions and opportunities to facilitate the success and personal achievement of young employees, developing their professional potential and management capacity.

EMPLOYEES STRUCTURE BY AGE



At group level, most employees are people between the ages of 30 and 45 (56%); The second largest group of employees is that of employees over the age of 45 (26%).

Within the Group, we promote diversity and equal opportunities, as well as fair working conditions, modern jobs and a fair pay.

All employees are employed solely on the basis of skills and compatibility. Any discriminatory treatment of persons due to their race, religion, nationality or origin, political choices or affiliation to a union or because of gender or age must is forbidden.

Having a professional working environment also means that the Group does not tolerate any form of harassment, regardless of its forms.

Team spirit is an important component of our human resources policy, which guides us in attracting new talent within the organization. We want to provide a job where everyone is encouraged to take the initiative and improve work processes through creative ideas.

We believe that we are responsible for the well-being of our employees and support them at every moment. We also stay close to them when they help our customers find the best products for their needs or when they follow their own passions.

MANAGEMENT DIVERSITY

The management of the Group is composed of both men and women with different professional experiences, also taking into account the profile of the industry in which they operate.

Top management	25 (78%) Men	7 (22%) Women
Agricover Distribution	8 Men	3 Women
Agricover Credit IFN	8 Men	2 Women
Abatorul Periș	7 Men	2 Women
Agricover Technology	2 Men	-
Average gross salary (RON)	**34,660 for Men**	**27,780 for Women**

PREVENTION OF FRAUD AND CORRUPTION

A fundamental principle is to do business with honesty and integrity, in accordance with the highest standards of ethics and fairness. Principles of ethical conduct are a guide that imposes tasks and responsibilities on the Group's managers and employees towards stakeholders (colleagues, clients, business partners, public authorities, and civil society).

It also involves a set of rules for ethical conduct in business and for the prevention of unlawful or illegal actions that may occur. All employees must strictly comply with the applicable laws and regulations, and internal rules and procedures.

Fraud and corruption have always been and will continue to be a topic of interest in the context of any commercial activity.

Agricover Holding S.A. has no tolerance to fraud and corruption practices.

In the spirit of transparent corporate governance, in 2021, we have implemented specific Antifraud and Whistleblowing policies to offer our employees, as well as customers and suppliers, the opportunity to contact us anonymously to report us potential violations of the law and guidelines regarding embezzlement and corruption.

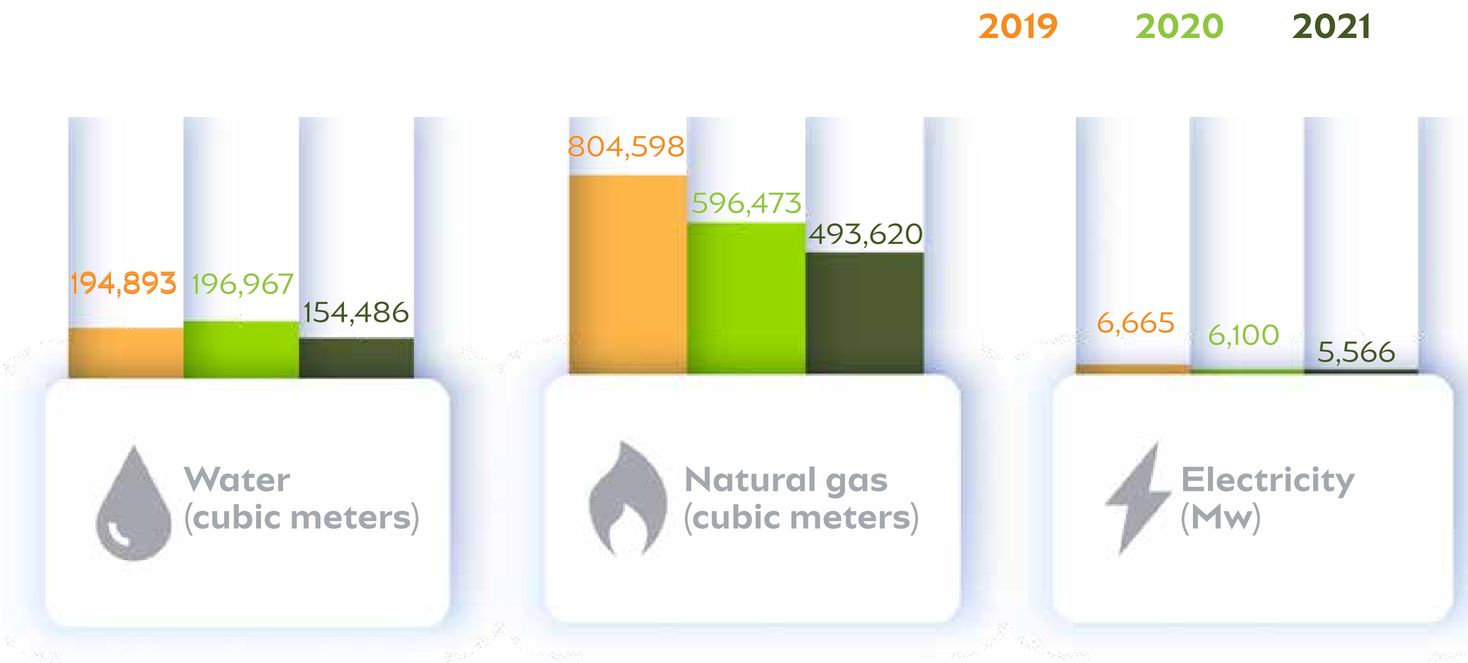
SPECIFIC ASPECTS FOR ABATORUL PERIS SA

ENVIRONMENTAL PROTECTION

Our focus is on a) reducing the consumption of utilities and b) monitoring and reducing the environmental impact of our activity.

UTILITIES CONSUMPTION

The expansion of the abattoir's production capacity was carried out with modern equipment with a high degree of automation and low energy consumption. Those investments are paying dividends, and with a production output similar to 2020, the consumptions for all three categories of utilities are lower.



WASTE MANAGEMENT

All waste resulting from the production process is recorded and recovered according to the waste management register for each waste code, using services provided by several specialized third-party waste management entities. The waste collected quantities were recorded and communicated monthly to the relevant authorities.

	2019	2020	2021
Total waste (tons)	6,957	4,924	5,799

EMISSIONS

Abatorul Peris SA meets the legal requirements regarding air/water emissions and noise pollution parameters set by the IEA (Integrated Environmental Authorization), with an annual monitoring, as follows:

Air emissions:

No.	Emmision source.	Pollutant	Measured concentration (mg / mc) / (mg/Nmc)	Limit imposed by IEA (mg/mc)/(mg/Nmc)	Measurement method
1.	Technological steam boiler basket (260 mm diamter and 9.75 m height)	NOx	175,3	350	SR EN 15259/08
		SOx	18,0	35	SR EN 15259/08
		CO	31,6	100	SR EN 15259/08
		Powder	3,28	5	SR ISO 9096 SR EN 13284-1
2	Technological steam boiler basket (350 mm diamter and 9.75 m height)	NOx	127,6	350	SR EN 15259/08
		SOx	14,0	35	SR EN 15259/08
		CO	34,0	100	SR EN 15259/08
		Powder	2,89	5	SR ISO 9096/05 SR EN 13284-1/02
3.	Technological steam boiler basket (410 mm diamter and 9.2 m height)	NOx	159,3	350	SR EN 15259/08
		SOx	14,0	35	SR EN 15259/08
		CO	39,3	100	SR EN 15259/08
		Powder	2,32	5	SR ISO 9096/05 SR EN 13284-1/02

Water emissions:

Source	Pollutant	Measured concentration (mg/l)				Limit imposed by IEA (mg/l)	Measurement method
		Q1	Q2	Q3	Q4		
Wastewa-ter treatment station	pH	7,3	7,2	7,7	7,6	6,5-8,5 unit pH	SR EN ISO 10523/2012
	CCOCr	19	17,4	26,8	29,5	125	ISO 15705:2002
	CBO5	11,8	< 10	12,7	14,5	25	US EPA 5210 D
	Filter res-idue	511	697	1084	754	2000	STAS 9187/84
	Nitrogen	17,8	17,5	4,92	-	15	Kit Merck Spec-troquant Nitro-gen (total)
	Phospho-rus	0,932	0,147	0,402	0,933	2,0	SR EN ISO 11885:2009
	Synthetic de-ter-gents	< 0,100	< 0,100	0,111	< 0,100	0,5	SR EN 903:2003
	Extracta-ble sub-stances	< 20	< 20	< 20	< 20	20	SR 7587 :1996
	Suspen-sions	12	12	16	24	60	SR EN 872:2005
	Nitrites	< 0,031	< 0,031	0,089	0,057	2	ISO 15923:2013
	Nitrates	74,4	75	19,6	10,8	37	ISO 15923:2013
	Ammoni-acal ni-trogen	0,769	0,02	0,084	0,064	3	ISO 15923:2013
	Phenols	-	< 0,100	< 0,100	< 0,100	0,3	SR ISO 6439:2001
	Chlorides	-	114	184	122	500	ISO 15923:201

SPECIFIC ASPECTS FOR AGRICOVER DISTRIBUTION

Agricover Distribution is continuously looking to ensuring the existence of high standards related to the environmental protection. In 2021 a comprehensive compliance framework has been implemented. This allows the Agricover Distribution to better monitor, report and manage, among others, the risks related to the environmental protection.

WASTE MANAGEMENT

We actively participate in the recovery of waste packaging from plant protection products sold on the market, by joining the SCAPA – Crop Protection Packaging Collection System managed by AIPROM (Romanian Plant Protection Industry Association) according to the agreement no. 10 of 20.08.2020.

In this respect, we provide Collection Centers in our selected locations (Mirosi-Caldăraru (AG), Brăila (BR), Buciumeni (CL), Baileşti (DJ)) for the collection of packaging through Ecorec Recycling (authorized third party entity), which provides inspection, transport and collection services (contract No. 1370 of 24.10.2019).

For plant protection products sold on the market, we have concluded a liability take-over contract (No 154 of 31.05.2019) with Ecosmart Union Srl which undertakes to recover at least 60 % of the waste packaging, as required by the relevant legislation. Annually we receive a collection status for the waste packaging.

For exceptional circumstances, in accidental cases of leakage of hazardous substances, we ensure the disposal of such hazardous waste. The service is provided using a third-party specialized partner - Protect Collector SRL (contract for the provision of such services No. 555/13.06.2018).

Agricover Distribution holds environmental and sales, storage, and transportation authorizations for the entire portfolio of plant protection products. A strict monitoring of the authorizations (e.g. validity, renewals) is performed.

For all warehouses there are contracts, with local operators, for the recovery/disposal of generated waste.

From one year to the next we have managed to increase the recovery of generated waste by reusing it in the packaging and transportation process.

SPECIFIC ASPECTS FOR AGRICOVER CREDIT IFN

OBJECTIVES FOR ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY

Within Agricover Credit IFN, environmental protection and social responsibility objectives include the financing of clients which: have as their business object or implement projects that are not part of the exclusion list (the full list shown on the next page); comply with legal obligations relating to environmental protection, labor protection and other social aspects; want to implement a project that meets the performance standards promoted by the Group.

Business activities and infrastructure projects can expose local communities to increased risks and negative impacts related to environmental issues, so we want to help our clients adopt responsible risk reduction practices, including emergency preparedness and response, and safety measures design, by presenting a risk pyramid, depending on their business object:

LOW RISK	MEDIUM RISK	HIGH RISK
• Service industry (consultation, accounting, insurance, etc.); • Vocational education and training, media (TV, radio); • Health and family planning, • purchase of computing equipment; • Creation and equipping of food, art, design, telecommunications units;	• Agribusiness (small scale); Hotels in cities, small-scale tourism, production in general; • Production, processing and storage of fruit and vegetables, meat, oil, wines and other fermented beverages, dairy products; • Leather and textile industry, Repair shops, printing houses • Production of wood materials, milling, small energy production units.	• Large forestry holdings; • Production, use of large quantities of pesticides/ herbicides and mineral fertilizers; Production, transport and use of toxic materials; • Waste management; • Tourism development projects, textile industry using wet processes, transportation projects (airports, motorways, railways); • Projects within or near valuable ecosystems with relocation components or with a major impact on the human population.

EXCLUSION LIST

Agricover Credit IFN is not financing customers operating in the following business activities:

- Production or trade in goods or services deemed unlawful, in the light of the legal framework in force, local or international;
- Production or marketing of products containing polychlorinated biphenyls;
- Production or marketing of pharmaceuticals, pesticides, herbicides or other toxic substances prohibited for international use;
- Trade with flora or fauna on the list of endangered species;
- Cross-border movement of waste prohibited by international law;
- Production, use or marketing of non-bound asbestos fibers or products containing asbestos;
- Activities prohibited by the legal framework in force, local or international, on the protection of biodiversity resources or cultural heritage;
- Net fishing in the marine environment by means of nets in excess of 2,5 km. in length;
- Maritime transport of oil or other dangerous substances in tanks which do not comply with the requirements of the International Maritime Organization;
- Trade in goods without export or import licenses or other evidence of transit authorization from the relevant export/import/transit countries;
- Activities relating to the production of armaments, ammunition, military or police equipment, or any other type of equipment which is used to limit individual rights and freedom;
- Gambling activities;
- Activities relating to the manufacture, processing or distribution of tobacco products or activities facilitating the use of tobacco;
- Activities involving live animals for carrying out experiments;
- Activities which may have a major impact on the protection of the environment where the risks associated with those activities are not properly managed;
- Activities considered ethically and morally controversial (e.g. human cloning research);

- Trade in commercial funds, acquisition of intangible assets that would put the final beneficiary in the position of market leader;
- Acquisition of mining rights;
- Activities that actually constitute real estate development;
- Activities that actually constitute financial transactions (e.g. purchase of shares);
- Manufacture or marketing of distilled alcoholic products;
- Research or development of computer applications for use in the online gambling industry, pornography, which can be used to access/download databases;
- Production or marketing of radioactive materials;
- Any activity involving harmful or exploitative forms of labor/work harmful to minors.

ASSESSMENT OF ENVIRONMENTAL PROTECTION RISKS

When assessing environmental risks, Agricover Credit IFN assesses its customers activities from the following perspectives:

Air pollution	Water pollution	Waste management
Ensuring the correct management/storage of potential air pollution factors so that the customer's activities do not affect the environment.	Maintaining or improving the quality of surface water or/ and groundwater.	Ensuring waste management and collection systems that do not allow environmental pollution.
Sound pollution	**Wastewater**	**Hazardous waste**
Ensuring noise/ vibration levels produced to acceptable standards and in accordance with applicable legislation.	Protection of aquatic ecosystems and reuse of wastewater in customer location.	Ensuring proper management/storage of chemical materials/crop protection products so that the customer's activities do not affect the environment.

4. Appendices

Appendix 1: Agricover Holding

Independent Auditors' Report

Consolidated Financial Statements for the year ended 31 December 2021, prepared in accordance with Order no. 2844 for the approval of accounting regulations in accordance with the International Financial Reporting Standards issued by the Romanian Ministry of Finance on 12th of December 2016, with subsequent amendments and modifications ("Order 2844") and are in compliance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Appendix 2: Agricover Distribution

Independent Auditors' Report

Financial Statements for the year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards as adopted by EU.

Appendix 3: Agricover Credit

Independent Auditors' Report

Consolidated Financial Statements for the year ended 31 December 2021, prepared in accordance with Order No 6 issued by the National Bank of Romania on 20 July 2015 for the approval of accounting regulations in accordance with the European Directives, with subsequent amendments and modifications ("Order 6/2015") and are in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Appendix 4: Agricover Holding

Independent Auditors' Report

Separate Financial Statements for the year ended 31 December 2021, prepared in accordance with Order no. 2844 for the approval of accounting regulations in accordance with the International Financial Reporting Standards issued by the Romanian Ministry of Finance on 12th of December 2016, with subsequent amendments and modifications ("Order 2844") and are in compliance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Appendix 5: Related Parties List

Appendix 1:
Agricover Holding

KPMG Audit SRL
DN1, Bucharest - Ploieşti Road no. 89A
Sector 1, Bucharest
013685, P.O.Box 18 - 191
Tel: +40 372 377 800
Fax: +40 372 377 700
www.kpmg.ro

Independent Auditors' Report

To the Shareholders of AGRICOVER HOLDING S.A.

B-dul. Pipera 1B, etaj 6, Cladirea de Birouri Cubic Center, Oras Voluntari, Romania
Unique Registration Code: 36036986

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of AGRICOVER HOLDING S.A. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information.

2. The consolidated financial statements as at and for the year ended 31 December 2021 are identified as follows:

   - Net assets/Total equity: RON 585,677 thousand
   - Profit for the year: RON 89,253 thousand

   The consolidated financial statements have been signed with a qualified electronic signature on 7 April 2022 by Stefan Doru Bucataru, Administrator, at hour: 19, min: 22, sec: 35 and Liviu Dobre, General Manager, at hour: 18, min: 20, sec: 38.

3. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 2844/2016 for approval of accounting regulations in accordance with International Financial Reporting Standards ("OMPF no. 2844/2016").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

KPMG

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowance for loans and advances granted to customers ("ECL") - Agrifinance segment

As at 31 December 2021, the consolidated financial statements include gross loans and advances to customers of RON 2,004,422 thousand, related loss allowances of RON 54,529 thousand and, for the year then ended, net credit losses on financial assets for Agrifinance division recognized in the consolidated statement of profit or loss and other comprehensive income of RON 3,546 thousand (31 December 2020: loans and advances to customers: RON 1,702,041 thousand, related loss allowances: RON 51,400 thousand, net credit losses on financial assets for Agrifinance division recognized in the consolidated statement of profit or loss and other comprehensive income for the year then ended: RON 20,585 thousand).

See Note 10 *Financial risks management,* Note 3 *Segment information and* Note 13 *Overview of financial instruments*

The key audit matter	How the matter was addressed in our audit
Loss allowances represent management's best estimate of the expected credit losses within loans and advances to customers (collectively, "loans", "exposures") at amortized cost at the reporting date. We focused on this area as the measurement of loss allowances requires management to make complex and subjective judgements and assumptions while estimating the amount of any such loss. Pursuant to the relevant standard, IFRS 9 "Financial instruments" ("IFRS 9"), loans are allocated into one of three stages for the purposes of estimating the loss allowances. Loss allowances for the performing exposures (Stage 1 and Stage 2 in the IFRS 9 hierarchy) are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account historical experience, identification of exposures with a significant increase in credit risk ("SICR"), identification of restructured exposures and forward-looking information, among other things (together "collective loss allowance"). For Stage 3 exposures, loss allowances are determined on an individual basis by means of a discounted cash flows analysis. The process relies on a number of complex assumptions, in particular those in respect of the expected proceeds from the sale of the related collateral and minimum period for collateral disposal. In the wake of the inflationary pressure and potential customer supply-chain shortages, i.e. the conditions affecting Group's customers in the current year, measurement of ECLs was associated with additional complexities and an	Our audit procedures in this area, performed where applicable, assisted by our own valuation and financial risk management specialists, included, among others: — Inspecting the Group's ECL impairment methods and models, and assessing their compliance with the relevant requirements of the financial reporting standards. This included challenging management on whether the level of the methodology's sophistication is appropriate based on an assessment of portfolio-level factors; — Assessing the design, implementation and operating effectiveness of selected controls within the Group's lending process. This included in particular testing the controls over: • completeness and accuracy of input data (mainly for loan exposure and interest rate data), • approval of loans; — On a sample basis, evaluating relevance and reliability of data used in the loss allowance estimates, such as those for loan exposures, days past due, recoverable values of underlying collaterals, whether or not recovery procedures have been initiated against the debtors and restructuring status; — Evaluating the consistency of application of the SICR criteria and of the identification of objective evidence of loss (default), and also, for a sample of exposures, independent assessment of the appropriateness of the loans' classification into the Stages; — For collective loss allowance: • Evaluating the relevant forward-looking information and macroeconomic projections used in the ECL assessment by means of corroborating, inquiries of executive directors and inspecting publicly available information;

increased estimation uncertainty. In the light of the above factors, we considered the loss allowance for loans and advances granted to customers to be associated with a significant risk of material misstatement in the consolidated financial statements. Therefore, this area required our increased attention in the audit and, as such, was determined to be a key audit matter.	• Challenging the PD, EAD and LGD parameters used in the collective ECL model, by reference to the supporting documentation, debt service status, repayment schedules, restructuring operations and underlying data for collections occurring after default; • Challenging any material post-model adjustments, by evaluating the method applied, key underlying assumptions and tracking key data used back to its source. As part of this procedure, we assessed the appropriateness of the Group's treatment of the impact of the inflationary pressure and the supply-chain shortages on customers from a SICR perspective; • Considering the outcome of the preceding procedures, testing the application of the ECL model through independently reperforming the Group's ECL model calculations and tracing the amounts recognized to the consolidated financial statements; — For loss allowances calculated individually, for a sample of loans, challenging key assumptions applied in the estimates of future cash flows used in the impairment estimate, such as discount rates, collateral values and recovery period, where relevant, and performing independent recalculations; recomputing the amounts of ECLs at the reporting date. — Examining whether the loss allowance and credit risk-related disclosures in the consolidated financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Loss allowance for trade and other receivables ("ECL") - Agribusiness segment	
As at 31 December 2021, the consolidated financial statements include gross trade and other receivables of RON 491,578 thousand and allowance for trade and other receivables of RON 24,309 thousand, and, for the year then ended, net credit losses on financial assets in Agribusiness segment recognized in the consolidated statement of profit or loss and other comprehensive income of RON 5,519 thousand (31 December 2020: gross trade and other receivables: RON 463,683 thousand, allowance for trade and other receivables: RON 47,863 thousand and, for the year then ended, net credit losses on financial assets in Agribusiness segment recognized in the consolidated statement of profit or loss and other comprehensive income: RON 3,823 thousand). See Notes 10 *Financial risks management,* 13 *Overview of financial instruments,* 3 *Segment information* and 14 *Trade and other receivables to the consolidated financial statements*.	
The key audit matter	**How the matter was addressed in our audit**
The Group carries significant trade and other receivable balances ("accounts receivable") as at year end. Given the magnitude of the balances, nature and size of the customers' operations, significant judgement is required in arriving at the estimated amount of loss allowance in respect of the above financial assets. In measuring the loss allowance, the Group applies a collective (portfolio) assessment model for exposures with shared credit risk characteristics. Under the model, lifetime expected credit losses are measured on a practical expedient basis, using a provision matrix, based on historical observed default rates adjusted for forward-looking estimates. In the wake of the inflationary pressure and potential customer supply-chain shortages, i.e. the conditions affecting the Group's customers in the current year, measurement of ECLs was associated with additional complexities and an increased estimation uncertainty. Due to the above factors, and also considering the magnitude of the potential impact, this area required our increased attention in the audit and, as such, was determined to be a key audit matter.	Our audit procedures in the area included, among others: — Assessing the appropriateness of the Group's method and model applied in accounting for loss allowance for trade and other receivables, including the IFRS 9 simplified approach; — Assessing whether the definition of default used by the Group in its ECL measurement was applied in accordance with the relevant requirements of the financial reporting framework and also evaluating the appropriateness of the segmentation of accounts receivable based on shared credit risk characteristics; — Evaluating relevance and reliability of the historical experience data used in the provision matrix model, including data for historical debtor defaults, and, on a sample basis, testing the accuracy of the accounts receivable ageing report by inspecting underlying supporting documents; — Evaluating the relevant forward-looking information used in the ECL assessment by means of inquiries of the Agribusiness segment Chief financial officer and inspecting publicly available information; — Considering the outcome of the preceding procedures, testing the application of the ECL model (provision matrix) through independently reperforming the Group's ECL model calculations and tracing the amounts recognized to the financial statements; — Examining whether the loss allowance for trade and other receivables and credit risk-related disclosures in the consolidated financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other information

6. Board of Directors is responsible for the preparation and presentation of other information. The other information comprises the information included in the Annual Report, which includes, among others, the Board of Directors' Report and the Non-financial statement, but does not include the consolidated financial statements and our auditors' report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

   Other Reporting Responsibilities Related to Other Information –Board of Directors' Report

   With respect to the Board of Directors' Report we read and report whether the Board of Directors' Report is prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 26-28 of the accounting regulations in accordance with International Financial Reporting Standards.

   Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion:

   a) The information given in the Board of Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;

   b) The Board of Directors' Report has been prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 26 - 28 of the accounting regulations in accordance with International Financial Reporting Standards.

   In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Board of Directors ' Report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with OMPF no. 2844/2016 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements - Report on Compliance with the ESEF Regulation

15. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the consolidated financial statements, as included as Appendix 1 to the Annual Report, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management

16. Management is responsible for the preparation of the consolidated financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information in the machine- and human-readable formats and the signed consolidated financial statements; and
- the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

Auditors' Responsibilities

17. Our responsibility is to express an opinion on whether the consolidated financial statements included as Appendix 1 to the Annual Report comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable digital format and to the digitally signed and audited consolidated financial statements;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements;
- evaluating the appropriateness of the digital format of the consolidated financial statements; and
- assessing consistency between the digitised information in the machine- and human-readable formats and the digitally signed and audited consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

18. In our opinion, the consolidated financial statements of the Group, included as Appendix 1 to the Annual Report, as at and for the year ended 31 December 2021 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Report on Other Legal and Regulatory Requirements -EU Regulation (EU) No 537/2014

19. We were appointed by the General Shareholders' Meeting on 25 May 2020 to audit the consolidated financial statements of AGRICOVER HOLDING S.A. for the year ended 31 December 2021. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2020 and 31 December 2021.

20. We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Group, which we issued at the same date as the date of this audit report. We also remained independent of the audited Group in conducting the audit.
- we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

The engagement partner on the audit resulting in this independent auditors' report is GIURCANEANU AURA STEFANA.

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

Aura Giurcăneanu

KPMG Audit SRL

GIURCANEANU AURA STEFANA	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF1517	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 28 April 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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2021

Prepared in accordance with the Order of the Ministry of Public Finance no. 2844/2016 approving the accounting regulations compliant with the
International Financial Reporting Standards

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Consolidated Statement of Financial Position
as at 31st of December

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

	Notes	2021	2020 restated (note 16)
ASSETS			
Non-current assets			
Property, plant and equipment	22	4,181	73,285
Right of use assets	21	13,602	21,995
Intangible assets	23	18,256	4,972
Investments		-	1,803
Loans and advances to customers	13	578,954	500,021
Other non-current receivables	14	9,093	21,721
Deferred income tax assets	9	3,989	2,742
		628,075	**626,539**
Current assets			
Inventories	19	118,033	63,242
Loans and advances to customers	13	1,370,939	1,150,620
Trade and other receivables	14	458,175	394,100
Other current assets	20	33,878	5,113
Derivative assets held for risk management	13	116	-
Cash and cash equivalents	15	101,597	94,593
Assets classified as held for distribution	26	106,994	-
		2,189,732	**1,707,668**
Total assets		**2,817,807**	**2,334,207**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and share premium		220,748	220,748
Revaluation reserves		12,543	12,543
Other reserves		56,928	51,043
Retained earnings		274,931	198,514
		565,150	**482,848**
Non-controlling interests	25	20,527	16,533
Total equity	11	**585,677**	**499,381**
Non-current liabilities			
Borrowings	16	685,058	620,915
Lease liabilities	21	6,270	11,533
Deferred tax liabilities	9	-	1,616
		691,328	**634,064**
Current liabilities			
Trade and other payables	17	424,671	330,849
Derivative liabilities for risk management	13	1,275	1,368
Current tax liability	9	3,817	2,897
Provisions		378	273
Borrowings	16	991,812	849,067
Lease liabilities	21	7,229	10,967
Contract liabilities	24	27,088	5,341
Liabilities directly associated with the assets held for distribution	26	84,532	-
		1,540,802	**1,200,762**
Total liabilities		**2,232,130**	**1,834,826**
Total equity and liabilities		**2,817,807**	**2,334,207**

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31st of December

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

	Notes	2021	2020
Revenue	4	1,718,380	1,138,172
Interest income	5	165,871	165,886
Fee and commission income	7	8,823	5,704
Cost of sales	6	(1,643,291)	(1,083,755)
Interest and similar expenses	5	(61,533)	(66,564)
Fee and commission expenses		(1,592)	(884)
Net credit losses on financial assets	7	(9,065)	(24,357)
Gross profit		**177,593**	**134,202**
Administrative expenses	6	(52,566)	(42,712)
Research and development		(895)	-
Other operating income		685	40
Other gains		722	653
Other operating expenses	7	(8,841)	(6,334)
Operating profit		**116,698**	**85,849**
Finance income	5	1,298	844
Finance costs	5	(8,876)	(5,767)
Profit before tax		**109,120**	**80,926**
Income tax expense	9	(14,737)	(10,670)
Profit for the year from continuing operations		**94,383**	**70,256**
Profit / (loss) for the year from discontinued operations, net of tax	26	(5,130)	12,237
Profit for the year		**89,253**	**82,493**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**89,253**	**82,493**
Profit for the year attributable to:			
Owners of the parent		83,055	78,095
Non-controlling interests		6,198	4,398
Profit for the year		**89,253**	**82,493**
Total Comprehensive income attributable to:			
Owners of the parent		83,055	78,095
Non-controlling interests		6,198	4,398
Total comprehensive income for the period		**89,253**	**82,493**
Earnings per share	8		
Basic and diluted earnings per share		0.038	0.036
Earnings per share from continuing operations		0.041	0.031

Approved for issue and signed on behalf of the Board of Directors on 7 April 2022.

Ștefan Bucătaru
Administrator

Liviu Dobre
General Manager

Consolidated Statement of Changes in Equity
for the year ended 31st of December

(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 2021	**220,748**	**12,543**	**51,043**	**198,514**	**482,848**	**16,533**	**499,381**
Profit for the period				83,055	83,055	6,198	89,253
Total comprehensive income for the period				**83,055**	**83,055**	**6,198**	**89,253**
Dividends distribution					-	(2,205)	(2,205)
Transfers and other changes in equity			5,885	(6,638)	(753)	-	(753)
Total transactions with owners			**5,885**	**(6,638)**	**(753)**	**(2,205)**	**(2,958)**
Balance at 31 December 2021	**220,748**	**12,543**	**56,928**	**274,931**	**565,150**	**20,527**	**585,677**

	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 2020	**220,748**	**23,346**	**47,491**	**134,690**	**426,275**	**15,793**	**442,068**
Profit for the period				78,095	78,095	4,398	82,493
Total comprehensive income for the period				**78,095**	**78,095**	**4,398**	**82,493**
Revaluation reserves realised		(10,803)		10,803	-	-	-
Dividends distribution				(22,118)	(22,118)	(3,216)	(25,334)
Transfers and other changes in equity			3,552	(2,956)	596	(442)	154
Total transactions with owners		**(10,803)**	**3,552**	**(14,271)**	**(21,522)**	**(3,658)**	**(25,180)**
Balance at 31 December 2020	**220,748**	**12,543**	**51,043**	**198,514**	**482,848**	**16,533**	**499,381**

Consolidated Statement of Cash Flows
for the year ended 31st of December

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

	Notes	2021	2020
Cash flows from operating activities			
Profit for the period from continuing operations		94,383	70,256
Profit/(loss) for the period from discontinued operations		(5,130)	12,237
FX differences		6,387	3,768
Net loss from financial assets		1,179	-
Net credit losses on receivables		5,519	3,823
Net credit losses on loans and advances to customers		3,546	20,585
Depreciation and amortization	6	13,864	16,625
Loss from the sale of fixed assets		92	514
Write down of inventory		(831)	250
Change in provisions		106	157
Income tax	9	14,010	9,897
Interest income	5	(165,871)	(166,692)
Interest expense	5	65,897	71,776
Other non-monetary adjustments		-	(2,884)
Operating profit before changes in working capital		**33,151**	**40,312**
Changes in working capital			
(Increase) in trade and other receivables	14	(107,987)	(18,964)
(Increase) in loans to customers	13	(323,258)	(157,446)
(Increase) in the inventories	19	(63,232)	(2,731)
Increase in the trade and other payables	17	151,685	28,199
Cash used in operations		**(309,641)**	**(110,630)**
Interest paid		(59,910)	(72,085)
Interest received		186,330	160,961
Income tax paid		(15,555)	(15,005)
Cash used in operating activities		**(198,776)**	**(36,759)**
Cash flows from investing activities			
Payments for acquisitions of intangible and fixed assets	22,23	(28,005)	(20,239)
Proceeds from sale of intangible and fixed assets	22,23	11,612	13,661
Receipts from the loans granted to related parties		-	1,678
Cash used in investing activities		**(16,393)**	**(4,900)**
Cash flows from financing activities			
Proceeds from borrowings	16	4,390,956	2,942,481
Repayment of borrowings	16	(4,153,650)	(2,878,059)
Payments for lease liabilities	16	(12,866)	(10,448)
Dividends paid		(1,160)	(3,591)
Cash generated from financing activities		**223,280**	**50,383**
Effects of exchange rate changes on cash and cash equivalents		(195)	1,265
Cash and cash equivalents at the beginning of the period	15	**94,593**	**84,605**
Increase in cash and cash equivalents		7,916	9,989
Cash and cash equivalents at the end of the period, *out of which*		**102,509**	**94,593**
from discontinued operations	26	912	-
from continued operations	15	**101,597**	**94,593**

Notes to the 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 consolidated 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 included within the note referring to that specific item. Accounting policies relating to non-material items are not included in these financial statements.

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 consolidated financial statements comprise the Company and its material subsidiaries, as follows:

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

Our business model

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

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

Notes to the Financial Statements
General Information and Basis of Preparation

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

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 consolidated financial statements as at and for the year ended 31 December 2021 have been prepared in accordance with Order no. 2844 for the approval of accounting regulations in accordance with the International Financial Reporting Standards issued by the Romanian Ministry of Finance on 12th of December 2016, with subsequent amendments and modifications (”Order 2844”) and are in compliance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”).

Historical cost convention

These consolidated 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 material accounting policies applied in the preparation of these financial statements are set out below in the relevant Notes to these consolidated financial statements and have been consistently applied to all the periods presented, unless otherwise stated. The preparation of financial statements in accordance with IFRS requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant, are disclosed in the relevant Notes to these consolidated financial statements, as follows:

- variable consideration related to commercial discounts offered by the Group – note 4;
- transfer of control in ‘bill and hold’ arrangements – note 4;
- judgements involved in calculating income tax – note 9;
- expected credit losses on loans and advances to customers and trade and other receivables – note 10;
- forward looking scenarios considered in the Group’s calculation of expected credit losses on loans and advances to customers – note 10;
- consideration regarding the modified time value of money element included in the Group’s revolving credit lines – note 13;
- expected commercial discounts considered as part of cost of inventories or cost of sales – note 17;
- discount rate used in calculating lease liabilities and right of use assets – note 21;
- useful life of internally generated software – note 23;
- capitalisation of software development costs – note 23;
- fair value of assets and liabilities reclassified as held for distribution – note 26;

Notes to the Financial Statements
General Information and Basis of Preparation

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

Functional and presentation currency

These consolidated financial statements are presented in Romanian New Lei ("RON"), which is the functional currency of the Company and all its subsidiaries. All amounts are 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 consolidated financial statements are prepared on this basis.

Standards and amendments newly applicable for periods starting January 1st, 2021

The following new and amended standards effective for periods starting January 1st, 2021, have been analysed by the Group and do not have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)

These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

New IFRS standards effective after 1 January 2022 early adopted by the Group

The Group has early adopted the narrow scope ***amendments to IAS 1, Practice statement 2 and IAS 8***. These amendments aim to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Accounting policy information is material if it is necessary for the users of the financial statements to understand other material information in the financial statements. Entity-specific information is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the IFRSs.

In implementing these amendments, the Group has considered accounting policy information as material to these consolidated financial statements if that information relates to material transactions, including:

Notes to the Financial Statements
General Information and Basis of Preparation

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

- changes in accounting policies during the reporting period,
- policies selected by the Group from one or more options permitted by IFRSs,
- policies developed in accordance with IAS 8 in the absence of an IFRS that specifically applies,
- policies related to an area for which the Group make significant judgements in applying an accounting policy, and the Group discloses those judgements,
- complex policies where users of the consolidated financial statements would otherwise not understand material transactions, other events or conditions as applicable.

In preparing these consolidated financial statements, together with implementing the amendments to IAS, Practice statement 2 and IAS 8, the Group has considered the recommendations of the IASB as part of their Better Communication in Financial Reporting projects and has modified the structure of the consolidated financial statements by rearranging the notes and disclosures and by eliminating immaterial information in an effort to make the communication of relevant financial information more effective.

New IFRS standards effective for annual periods beginning after 1 January 2021 not early adopted by the Group

A number of other new amendments to the standards are required to be applied for annual periods beginning after 1 January 2021 and that are available for early adoption in annual periods beginning on 1 January 2021. The Group has not early adopted the following new or amended standards in preparing these consolidated financial statements and are not expected to have a significant impact on the Group's consolidated financial statements:

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. Effective date: annual periods beginning on or after 1 April 2021.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Effective date: deferred until accounting periods starting not earlier than 1 January 2024

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective date: annual periods beginning on or after 1 January 2023.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16:

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. Effective date: annual periods beginning on or after 1 January 2022.

Consolidation

Subsidiaries are those investees that the Group controls because it has:

- power to direct their activities that significantly affect their returns,
- exposure, or rights, to variable returns from its involvement with the investees, and
- the ability to use its power over the investees to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control obtained by the Group and are deconsolidated from the date on which control ceases. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Agricover Holding.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Notes to the Consolidated 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, including earnings per share ("EPS"), and of its significant operating segments. The section covers 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. The section concludes with details about the Group's tax result in the year and current and deferred tax assets and liabilities held at the end of the period.

3 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 and its subsidiary Agricover Broker de Asigurare;
- Agribusiness - distribution of agriculture inputs carried out by Agricover SA;
- Agrifood, discontinued segment – represented by slaughterhouse and meat processing carried out by Abatorul Peris (information about the discontinued segment is included in Note 26).

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 consolidated 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 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.

Notes to the Consolidated Financial Statements
Financial Performance

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

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 years ended 31 December 2021 and 31 December 2020 respectively:

2021	Agrifinance	Agribusiness	Agrifood (discontinued)	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued)
Revenue	-	1,716,394	309,986	-	2,026,380	(308,000)	1,718,380
Cost of sales	(20,440)	(1,622,851)	(303,779)	-	(1,947,069)	303,779	(1,643,291)
Interest income	178,477	-	-	-	178,477	(12,606)	165,871
Interest and similar expenses	(61,533)	-	-	-	(61,533)	-	(61,533)
Net fee and commission income	7,231	-	-	-	7,231	-	7,231
Net credit losses on financial assets	(3,546)	(5,519)	-	-	(9,065)	-	(9,065)
Gross profit	**100,189**	**88,025**	**6,207**	**-**	**194,420**	**(16,827)**	**177,593**
Dividend income				14,502	14,502	(14,502)	-
Administrative expenses	(25,970)	(25,639)	(16,304)	(2,248)	(70,160)	17,595	(52,566)
Research and development	-	-	-	(895)	(895)	-	(895)
Other gains and losses, net	(4,784)	99	299	(1,755)	(6,140)	(1,294)	(7,434)
Operating Profit	**69,435**	**62,486**	**(9,797)**	**9,604**	**131,728**	**(15,030)**	**116,698**
Finance costs – net	(3,735)	(17,915)	(2,390)	(832)	(24,871)	17,293	(7,578)
Profit/(loss) before tax	**65,700**	**44,571**	**(12,187)**	**8,773**	**106,857**	**2,263**	**109,120**
Income tax expense	(8,842)	(5,894)	730	-	(14,007)	(730)	(14,737)
Profit/(loss) for the year	**56,857**	**38,677**	**(11,458)**	**8,773**	**92,849**	**1,534**	**94,383**

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

2020	Agrifinance	Agribusiness	Agrifood (discontinued)	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued)
Revenue	-	1,135,126	329,088	26,871	1,491,085	(352,913)	1,138,172
Cost of sales	(17,966)	(1,065,788)	(309,458)	(27,153)	(1,420,365)	336,611	(1,083,755)
Interest income	177,772	-	-	-	177,772	(11,886)	165,886
Interest and similar expenses	(66,563)	-	-	-	(66,563)	-	(66,563)
Net fee and commission income	4,739	-	-	-	4,739	79	4,817
Net credit losses on financial assets	(20,585)	(3,771)	(52)	72	(24,335)	(22)	(24,357)
Gross profit	**77,397**	**65,567**	**19,579**	**(210)**	**162,335**	**(28,131)**	**134,202**
Dividend income	-	-	-	21,156	21,156	(21,156)	-
Administrative expenses	(21,039)	(21,419)	(13,304)	(1,351)	(57,113)	14,401	(42,712)
Other gains and losses, net	(5,283)	621	1,077	117	(3,468)	(2,173)	(5,641)
Net gains from fair value adjustments	-	-	-	2,884	2,884	(2,884)	-
Net gain from sale of subsidiary	-	-	-	2,678	2,678	(2,678)	-
Operating Profit	**51,075**	**44,769**	**7,351**	**25,274**	**128,469**	**(42,620)**	**85,849**
Finance costs – net	(2,502)	(10,700)	(2,237)	(76)	(15,515)	10,592	(4,923)
Profit/(loss) before tax	**48,573**	**34,069**	**5,114**	**25,198**	**112,954**	**(32,028)**	**80,926**
Income tax expense	(6,463)	(4,207)	1,100	-	(9,570)	(1,100)	(10,670)
Profit/(loss) for the year	**42,110**	**29,862**	**6,215**	**25,198**	**103,384**	**(33,128)**	**70,256**

Notes to the Consolidated Financial Statements
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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.

	2021				2020			
	Total segments	Eliminations	Discontinued Segments	Consolidated (continued)	Total segments	Eliminations	Discontinued Segments	Consolidated (continued)
Revenue	2,026,380	1,986	(309,986)	1,718,380	1,491,085	3,047	(355,959)	1,138,172
Cost of sales	(1,947,069)	-	303,779	(1,643,291)	(1,420,365)	-	336,611	(1,083,755)
Interest income	178,477	(12,606)	-	165,871	177,772	(11,886)	-	165,886
Interest and similar expenses	(61,533)	-	-	(61,533)	(66,563)	-	-	(66,563)
Net fee and commission income	7,231	-	-	7,231	4,739	79	-	4,817
Net credit losses on financial assets	(9,065)	-	-	(9,065)	(24,335)	(1)	(21)	(24,357)
Gross profit	**194,420**	**(10,620)**	**(6,207)**	**177,593**	**162,333**	**(8,761)**	**(19,369)**	**134,202**
Dividend income	14,502	(14,502)	-	-	21,156	(21,156)	-	-
Administrative expenses	(70,160)	1,291	16,304	(52,566)	(57,113)	2,004	12,397	(42,712)
Research and development	(895)	-	-	(895)	-	-	-	-
Other gains and losses, net	(6,140)	(995)	(299)	(7,434)	(3,468)	(979)	(1,194)	(5,641)
Net gains from fair value adjustments	-	-	-		2,884	-	(2,884)	-
Net gain from sale of subsidiary	-	-	-		2,678	-	(2,678)	-
Operating Profit	**131,728**	**(24,827)**	**9,797**	**116,698**	**128,469**	**(28,892)**	**(13,728)**	**85,849**
Finance costs – net	(24,871)	14,903	2,390	(7,578)	(15,515)	8,328	2,264	(4,923)
Profit/(loss) before tax	**106,857**	**(9,924)**	**12,187**	**109,120**	**112,954**	**(20,564)**	**(11,464)**	**80,926**
Income tax expense	(14,007)	-	(730)	(14,737)	(9,570)	(327)	(774)	(10,670)
Profit/(loss) for the year	**92,849**	**(9,924)**	**11,458**	**94,383**	**103,384**	**(20,891)**	**(12,237)**	**70,256**

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

When reported to the executive directors, segment assets and liabilities are measured in the same way as in the financial statements. Their allocation on operating segments as at 31 December 2021 and 31 December 2020 is presented below:

31 December 2021	Agrifinance	Agribusiness	Agrifood (discontinued)	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued)
Non-current assets, *of which:*	**591,621**	**26,296**	**83,223**	**206,110**	**907,249**	**(279,175)**	**628,075**
Loans and advances to customers	578,954	-	-	196,349	**775,302**	(196,349)	578,954
Current assets, *of which*	**1,460,481**	**606,249**	**19,284**	**23,291**	**2,109,305**	**80,426**	**2,189,732**
Loans and advances to customers	1,364,526	-	-	6,282	**1,370,808**	131	1,370,939
Trade and other receivables	5,140	454,740	9,199	5,252	**474,331**	(16,156)	458,175
Inventories		118,033	9,173		**127,206**	(9,173)	118,033
Cash and cash equivalents	90,699	447	912	10,450	**102,509**	(912)	101,597
Total assets	**2,052,102**	**632,545**	**102,507**	**229,401**	**3,016,555**	**(198,748)**	**2,817,806**
Non-current liabilities, *of which:*	**687,554**	**4,774**	**27,279**	**203,019**	**922,626**	**(231,299)**	**691,328**
Borrowings	686,067		23,864	203,019	**912,950**	**(227,892)**	685,058
Current liabilities, *of which:*	**965,619**	**490,187**	**58,969**	**11,745**	**1,526,519**	**14,283**	**1,540,803**
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**	**494,961**	**86,248**	**214,764**	**2,449,146**	**(217,015)**	**2,232,130**

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

31 December 2020	Agrifinance	Agribusiness	Agrifood	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued)
Non-current assets, *of which:*	**509,450**	**36,157**	**76,507**	**2,831**	**624,945**	**1,595**	**626,539**
Loans and advances to customers	500,021	-	-	-	500,021	-	500,021
Current assets, *of which*	**1,234,418**	**441,768**	**21,567**	**3,210**	**1,700,963**	**6,705**	**1,707,668**
Loans and advances to customers	1,143,248	-	-	-	1,143,248	7,372	1,150,620
Trade and other receivables	3,933	379,349	9,038	1,523	393,844	256	394,100
Inventories	-	55,863	7,379	-	63,242	-	63,242
Cash and cash equivalents	87,237	682	5,149	1,526	94,594	-	94,593
Total assets	**1,743,868**	**477,925**	**98,074**	**6,041**	**2,325,907**	**8,300**	**2,334,207**
Non-current liabilities, *of which:*	**601,198**	**5,744**	**27,179**	**-**	**634,121**	**(58)**	**634,064**
Borrowings (restated)	598,540	-	22,433	-	620,973	(58)	620,915
Current liabilities, *of which:*	**800,598**	**356,566**	**43,179**	**1,226**	**1,201,569**	**(806)**	**1,200,763**
Trade and other payables	11,836	286,767	32,272	1,226	332,101	(1,252)	330,848
Borrowings (restated)	787,261	55,029	7,699	-	849,989	(922)	849,067
Total Liabilities	**1,401,796**	**362,310**	**70,358**	**1,226**	**1,835,690**	**(864)**	**1,834,827**

Notes to the Consolidated Financial Statements
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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.

	31 December 2021				31 December 2020		
	Total segments	Eliminations	Discontinued Segments	Consolidated (continued)	Total segments	Eliminations	Consolidated (continued)
Non-current assets, *of which:*	**907,249**	**(195,952)**	**(83,223)**	**628,075**	**624,945**	**1,595**	**626,539**
Loans and advances to customers	775,302	(196,349)	-	578,954	500,021	-	500,021
Current assets, *of which*	**2,109,305**	**99,710**	**(19,284)**	**2,189,732**	**1,700,963**	**6,705**	**1,707,668**
Loans and advances to customers	1,370,808	131	-	1,370,939	1,143,248	7,372	1,150,620
Trade and other receivables	474,331	(6,956)	(9,199)	458,175	393,844	256	394,100
Inventories	127,206	-	(9,173)	118,033	63,242	-	63,242
Cash and cash equivalents	102,509	(0)	(912)	101,597	94,594	-	94,593
Total assets	**3,016,555**	**(96,242)**	**(102,507)**	**2,817,806**	**2,325,907**	**8,300**	**2,334,207**
Non-current liabilities, *of which:*	**922,629**	**(204,020)**	**(27,282)**	**691,328**	**634,121**	**(58)**	**634,064**
Borrowings (restated)	912,950	(204,028)	(23,864)	685,058	620,973	(58)	620,915
Current liabilities, *of which:*	**1,526,519**	**73,252**	**(58,969)**	**1,540,803**	**1,201,569**	**(806)**	**1,200,763**
Trade and other payables	470,893	(7,266)	(38,957)	424,670	332,101	(1,252)	330,848
Borrowings (restated)	1,014,222	(5,282)	(17,128)	991,812	849,989	(922)	849,067
Total Liabilities	**2,449,149**	**(130,767)**	**(86,248)**	**2,232,130**	**1,835,690**	**(864)**	**1,834,827**

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

4 REVENUE

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

Sales with normal delivery

Revenue from sales with normal delivery is recognised when control of goods sold has transferred to the buyer, being when the goods are delivered. Revenue is measured at the fair value of the consideration received or receivable, net of commercial discounts, returns and value added taxes. Invoices are issued when goods exit the Company's warehouses. Depending on the customer's financial situation and existing relationships with the Group, and on specific market conditions, the Group may request total or partial advance payments collected based on pro-forma invoices.

Significant judgement – 'bill and hold' arrangements

At the buyer's request, the Group enters into of 'bill and hold' arrangements, in which delivery is delayed but the buyer takes legal title of goods and accepts billing. Revenue on such arrangements is recognised when control is transferred to the buyer, provided that:

- the reason for the 'bill and hold' arrangements is substantive (e.g. the farmer intends to secure the price and / or quantity of goods – seeds, fertilisers, crop protection – as needed at specific stages of the agricultural season but has limited storage capacity for immediate delivery);
- the product is identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the Group does not have the ability to use the product or to direct it to another customer

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:

	31 December 2021	31 December 2020
Crop protection products	234,344	187,559
Fertilizers	18,156	12,039
Certified Seeds	42,442	51,282
	294,942	**250,880**

Other revenue

Other revenue relates mainly to transportation services and storage services in 'bill and hold' arrangements. Allocation of the consideration between sold goods, transportation services and storage services is based on their standalone selling price.

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

Financing component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Financing needs of the farmers are addressed by the Group through its Agrifinance division. As a consequence, the Group does not adjust any of the sale of goods transaction prices for the time value of money.

Singificant estimate - variable consideration

A variable amount that is promised within a contract is included as consideration when measuring revenue. To this end, the Group estimates the amount of the consideration to which it will be entitled in exchange for transferring the promised goods to the customers. Recognition of such consideration is estimated at contract inception and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur or when the associated uncertainty with the variable consideration is subsequently resolved.

Variable consideration includes "*commercial discounts*", namely discounts granted by the Group for compliance with contractual payment terms. Commercial discounts result in the reduction of sales revenue earned during the period, and are booked at the time of sale according to an estimation. In making this estimation the management considers past collection patterns as well as information available to the commercial and risk teams of the Group, which are in close contact with significant customers. Considering prudent credit limits pre-approvals and most recent collection information, the management expects that significantly all commercial discounts promised will be granted.

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

	2021	2020
Revenue from goods sold		
Crop protection products	476,517	358,789
Diesel oil	473,839	362,684
Fertilizers	554,351	232,707
Seeds	199,841	174,797
	1,704,547	**1,128,978**
Other revenue	13,833	9,194
Total	**1,718,380**	**1,138,172**

Comparatives for the year ended December 31, 2020 include a reclassification of 7.9 million RON from „Revenue from goods sold" to „Other revenue". The reclassification consists of:

- 6.8 million RON revenue from transportation services, and
- 1.1 million Ron revenue from storage services.

In addition, the correction led to a decrease of 0.2 million RON in both „Cost of sales" and „Revenue". The decrease represents revenue and costs related to the transportation services on open bill and hold arrangements, which will be recognized upon delivery, when the transporation service is provided.

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5 NET INTEREST INCOME AND NET FINANCE COST

Through its Agrifinance division, 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 listed bonds and debt agreements with international financial institutions and local banks.

Interest income earned on loans and advances granted as well as interest expense on debt contracted by the Agrifinance division, due to the nature of its activity, are presented within Operating profit as "Interest income" and "Interest and similar expenses" respectively.

Other interest income and expense, as gained or incurred by other operating segments of the Group in the course of their normal activity, are included in the statement of profit or loss within "Finance income" and "Finance costs".

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 and finance income and expenses as included in the profit or loss of 2021 and 2020 are presented below:

	2021	2020
Interest Income - Agrifinance	165,871	165,886
Interest Expense - Agrifinance	(61,533)	(66,563)
Net Interest Income - Agrifinance	**104,338**	**99,323**
Financing Interest Income - Agribusiness	1,173	788
Other finance revenue	124	56
Finance Income	**1,297**	**844**
Interest Expense - Agribusiness	(2,534)	(3,053)
Net FX losses	(6,332)	(3,673)
Other finance gain / (losses)	(9)	959
Finance Cost	**(8,876)**	**(5,767)**
Net Finance Cost	**(7,579)**	**(4,923)**

During 2021 interest income recognised on impaired financial assets amounts to RON 5,676 thousand (2020: RON 6,555 thousand).

6 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.

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

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

	2021	2020
Merchandise	(1,560,901)	(1,016,817)
Employees costs	(79,704)	(65,960)
Transportation expenses	(13,300)	(8,537)
Third party services	(10,379)	(8,500)
Depreciation	(10,458)	(8,913)
Consumables expenses	(2,753)	(2,433)
Communication and marketing	(2,925)	(1,568)
Repairs and maintenance	(5,398)	(3,303)
Other	(10,039)	(10,436)
Total, *of which*	**(1,695,857)**	**(1,126,467)**
Cost of sales	(1,643,291)	(1,083,755)
Administrative expenses	(52,566)	(42,712)

7 OTHER EXPENSES AND INCOME

Net credit losses on financial assets

Credit losses on financial assets are represented by the movements in expected credit losses calculated for existing and new loans and advances to customers as well as for trade and other receivables (such movements are detailed in Note 10). Net credit losses on financial assets include expected credit losses on off balance sheet commitments and guarantees granted by the Group (refer to Note 29), as follows:

	2021	2020
Net credit losses on loans and advances to customers	3,325	20,428
Net credit losses on commitments and guarantees	221	157
Net credit losses on trade and other receivables	5,519	3,772
Total net credit losses	9,065	24,357

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.

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

The table below presents the breakdown of fee and commission income and expenses:

	2021	2020
Insurance broker commission income	7,490	4,820
Loan collaterals management commission income	1,333	884
Fee and commission income	**8,823**	**5,704**
Loan collaterals management commission expense	(1,588)	(884)
Other fee and commission	(5)	(3)
Fee and commission expense	**(1,593)**	**(887)**

Other operating expenses

	2021	2020
Net loss from derivatives (note 10)	(1,137)	(1,892)
Donations and sponsorships	(2,630)	(1,010)
Taxes other than income tax	(2,996)	(3,281)
Impairment losses on financial assets	(1,758)	(151)
Other losses	(320)	-
Total other operating expenses	**(8,841)**	**(6,334)**

Sponsorship costs are incurred as the Group gives back to the agricultural community by offering financial support for educational programs developed by Clubul Fermierilor Romani, a non-profit association of Romanian farmers (RON 1,000 thousand). Such programs are tailored to the needs of young farmers and support the generational change within family-owned farms.

As of December 31st, 2021 the Group management analysed the investment in its associate, Danube Grain Services SRL and concluded that it is no longer recoverable. Under the Group's accounting policies, investments are written off where there is no reasonable expectation of recovery. The Group recognized related losses of RON 1,758 thousand.

8 EARNINGS PER SHARE

The following table reflects the data used in the calculation of basic and diluted earnings per share:

	2021	2020
Profit attributable to owners of the Parent		
From continuing operations	88,023	66,510
From discontinued operations	(4,968)	11,585
Total	**83,055**	**78,095**
Number of ordinary shares in issue	2,163,968,075	2,163,968,075
Basic and Diluted EPS	**0.038**	**0.036**
Basic and Diluted EPS from continuing operations	0.041	0.031
Basic and Diluted EPS from discontinued operations	(0.002)	0.005

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

9 CURRENT AND DEFERRED INCOME TAX

Current and deferred income tax charges are calculated on the basis of tax rates and the tax laws enacted or substantively enacted at the balance sheet date in Romania.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Significant Judgement – Income tax

Frequent modification of the tax laws applicable in Romania give rise to significant tax uncertainties including but not limited to the tax authorities interpretation of complex tax issues. Differences arising between the results of such interpretations and the assumptions made by the Group's management, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded, together with late payment interest and penalties. In Romania, tax periods remain open for 5 years.

One of the main sources of tax uncertainy is related to transfer pricing. Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon written request of the Romanian tax authorities their transfer pricing documentation file. Notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and remeasures related liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group's management considers that the tax liabilities included in these consolidated financial statements are fairly stated, and is not aware of any circumstances which may give rise to a potential material liability in this respect.

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Significant components of the income tax expense are presented below.

	2021	2020
Current tax	16,475	15,592
Deferred tax	(2,465)	(5,696)
Income tax expense, *of which:*	**14,010**	**9,896**
attributable to profit from continuing operations	14,737	10,670
attributable to profit from discontinued operations	(727)	(774)

The income tax rate applicable to the Group's taxable income in 2021 and 2020 is 16%. The reconciliations between the tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Accounting profit before tax from continuing operations	109,120	80,926
Accounting profit/ (loss) before tax from discontinued operations	(5,857)	11,464
Accounting profit before tax	**103,263**	**92,390**
Tax charge at the statutory tax rate of 16%	**16,522**	**14,782**
Tax effect on non-taxable income, *of which*:	**(9,423)**	**(6,611)**
Reversal credit losses on receivables	*(2,703)*	*(333)*
Reversal of write-down of inventories	*(167)*	*(803)*
Tax credit related to sponsorship	*(2,403)*	*(1,977)*
Other fiscal facilities	(3,350)	*(1,170)*
Gain from sale of investment	-	*(1,511)*
Other non-taxable income and utilised fiscal losses	*(800)*	*(817)*
Tax effect on non-deductible expense, *of which*:	**4,044**	**1,396**
Credit losses on receivables	*2,510*	*443*
Write-down of inventories	*1,302*	*817*
Other non-deductible expenses	*232*	*136*
Deferred tax not recognised on fiscal losses	**2,867**	**330**
Income tax expense	**14,010**	**9,896**
Effective tax rate	13.57%	10.71%

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

Significant components of deferred tax assets and liabilities as at 31 December 2021, including their movements during the year then ended, are presented below:

	1 January 2021				31 December 2021	
	Deferred tax assets	Deferred tax liabilities	(Charged) / Credited to profit or loss	Transfer to Assets or Liabilities held for distribution	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(2,716)	(53)	2,225	-	(545)
Allowance for loans granted	2,742	-	249	-	2,991	-
Allowance for bad debts	-	985	1,542	(985)	1,542	-
Tax loss carried forward	-	115	-	(115)	-	-
	2,742	**(1,616)**	**1,738**	**1,125**	**4,533**	**(545)**

Significant components of deferred tax assets and liabilities as at 31 December 2020, including their movements during the year then ended, ar presented below:

	1 January 2020			31 December 2020	
	Deferred tax assets	Deferred tax liabilities	(Charged) / Credited to profit or loss	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(3,885)	1,168	-	(2,716)
Allowance for loans granted	1,747	-	995	2,742	-
Allowance for bad debts	-	-	985	-	985
Investment property included in assets held for sale	-	(2,433)	2,433	-	-
Tax loss carried forward	-	-	115	-	115
	1,747	**(6,318)**	**5,696**	**2,742**	**(1,616)**

As of 31 December 2021 Agricover Holding SA and Agricover Technology SRL have cummulative fiscal losses amounting to Ron 8,343 thousands (31 December 2020: RON 5,649 thousands) for which no deferred tax has been recognised. The expiration dates for the fiscal losses are presented below:

		Expiring date						
		31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2025	31 Dec 2026	31 Dec 2027	31 Dec 2028
Fiscal losses as at 31 Dec 2021	8,343	-	-	1,348	206	1,513	2,454	2,822

		31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2025	31 Dec 2026	31 Dec 2027
Fiscal losses as at 31 Dec 2020	5,649	128	-	-	1,348	206	1,513	2,454

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During both 2021 and 2020 financial years, the Parent received dividends from its subsidiaries. While the Parent expects to continue to receive dividends in the future, dividend income is non-taxable. Similar fiscal treatment applies to capital gains that might be obtained by the Parent when selling all or part of its investments. Moreover interest income related to loans granted by the Parent to other entities within Group was and is expected to be in the future substantially similar to the Parent's interest expense (main objective of the Parent in attracting funds from the capital markets is to finance its subsidiaries and it does so generally by offering loans with similar characteristics or through share capital increases).

In this context and considering that the Parent did not and does not plan to engage in other significant revenue generating activities, as of 31 December 2021 and 31 December 2020 no deferred tax is recognised for fiscal losses carried forward of the Parent.

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

10 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.

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.

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.

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 consolidated statement of financial position.

i.1. Credit risk on loans and advances, including loan commitments and guarantees issued

i.1.1. Risk Management Policies and Procedures

The Group uses internal risk gradings that reflect its assessment of the probability of default of individual counterparties. Borrower and loan specific information collected by the relationship managers is fed into this risk grading model. Relationship managers have clear responsibilities concerning health checks and monitoring of farmers' business, as one of their KPIs refers to the collection of installments as due. In practice Agricover teams visit each farmer at least twice a year (when financing autumn main crops, respectively spring main crops). This is supplemented with external data such as credit bureau or payment incidents information or COFACE reports on individual borrowers. In addition, the model enables expert judgement from the Risk Director to be fed into the final internal grading. This allows for considerations which may not be captured as part of the other data inputs into the model.

Specific collection strategies are applied depending on risk information and value of exposure, as follows:

1) **Standard exposure monitoring** –automatic collection process applied to all credit risk exposures. Risk indicators monitored:
   - ✓ Insolvency – based on the public insolvency register;
   - ✓ Breaches of payment terms with third parties – based on information available from the Central Credit Register ("CRC");
   - ✓ Level of debts to state budget – these should not exceed 20% of the exposure of Agrifinance to the specific client.
2) **Intensive exposure monitoring** – process applied for clients with exposure over 2 million RON or for "orange" or "red" graded exposures; while in intensive monitoring the following risk indicators are observed in addition to the standard:
   - ✓ debtor's status at the National Trade Register Office;
   - ✓ information from the Office of Payment Incidents for Romanian Companies ;
   - ✓ significant increase of client's debt to other financial institutions (sensitive threshold: 50% year-on-year increase).

As a result, the early understanding of potential problems that customers may face during the farming year allows preventive intervention and, in most cases, Agrifinance team together with the customers identify solutions to resume or potentially restructure payment schedules. At the same time, in situations where the farmers cannot meet their obligations, early identification default risk allows timely initiation of collateral liquidation procedures. Usually the forced execution team identifies potential buyers even among the existing clients with whom the Group has long-lasting business relationships, especially in the case of agricultural land, silos, or agricultural equipment brough as collateral. As a consequence, access to an extended customer base enables a fast and efficient collateral liquidation process, at market conditions resulting in debt recovery close to debt nominal value.

The internal risk grades as monitored by the Risk Director and periodically reported to the Group Risk Committee are detailed below:

1) **green** – exposures less than 30 days overdue and with no other risk indicators identified based on the standard or intensive monitoring processes (for clients with exposure over 2 million RON);
2) **orange** – exposures past due by 31 to 90 days as well as customers with restructured loans and less than 30 days overdue during the probation period.
3) **red** – exposures with more than 90 days past due where solutions for amiable collection have

been identified, or exposure to clients whose financial situation or other risk indicators may lead to the opening of foreclosure procedures; customers with this risk grade are monitored from by the legal collection team who accompany the commercial team during the site visits with the objective to identify solutions for the debit collection, either amicable payment, or existing collateral execution or consolidation of existing guarantees etc.

4) **legal –** exposures for which legal proceedings for foreclosure and collateral execution have been initiated via a bailiff. They are monitored by the legal collection team.

For clients under intensive monitoring the relevant indicators are assessed by the risk analyst, the commercial team may be involved in data gathering when relevant, and submitted to the attention of the Collection Committee when indicators of significant increase in credit risk are identified. Based on this analysis the Collection Committee updates or keeps the risk grade of the respective client.

The Group manages limits and controls the concentrations of credit risk both to individual counterparties and to group of related counterparties exposures. Such limits are subject to an annual review process but can be updated more frequently if necessary. Limit updates are initiated in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

i.1.2. Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group as detailed above.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer to note i.1.2.1 for details around SICR identification.
- If the financial instrument is credit-impaired, it is then moved to 'Stage 3'. Refer to note i.1.2.2 for details around impairment identification and default definition.
- Financial instruments in Stage 1 have their expected credit losses ("ECL") measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note i.1.2.4 for details around key inputs, assumptions and estimates used by the Group in the measurement of ECL.
- Measuring ECL in accordance with IFRS 9 considers forward-looking information. Refer to note i.1.2.5 for details around forward looking information and its impact on the ECL measured by the Group.
- Purchased or originated credit-impaired ("POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Subsequent to initial regcognition at fair value, interest income on POCI financial assets is recognized based on a credit- adjusted effective interest rate while their ECL is always measured on a lifetime basis irrespective of whether they are credit-impaired at the reporting date.
- Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis. Refer to note i.1.2.3 for details around segmentation of loans and advances as used by the Group for the purposes of measuring ECL.

Significant estimate – expected credit losses

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) and makes certain post model adjustments or management overlays to account for existing or expected risks which are not addressed by the statistical model employed Key judgements, assumptions and techniques used for estimating expected credit losses on loans and advances, loan commitments, as well as financial guarantees issued by the Group are presented below, together with sensitivities of the ECL to relevant inputs.

i.1.2.1. Significant increase in credit risk ("SICR")

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

- the asset is more than 30 days past due (backstop),
- different triggers are signaled by the Credit Risk Committee, such as: payment incidents, significant increase in customer debt to other financial institutions year-on-year increase of indebtedness by 50% or more etc.,
- the debtor exhibits significant financial degradation based on the analysis of its financial reports (i.e. it is classified as "orange" based on the internal risk grades identified above), or
- first restructuring if no amounts are overdue by more than 30 days during the probation period of 24 months.

i.1.2.2. Default and credit-impaired loans and advances

For the purpose of determining the risk of a default occurring, the Group applies a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers both quantitative and qualitative indicators as appropriate. An asset is marked as in default whenever one of the following circumstances occurs:

- the asset is more than 90 days past due (backstop), or
- the Group concludes that the borrower is unlikely to pay, considering:
    - Initiation of legal procedures against the borrower,
    - Decisions of the Collection Committee based on public information, information available within the Group (i.e. it is classified as "red" based on the internal risk grades identified above), or
    - Repeated restructuring.

An exposure is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria identified above, subject to a probation period of 12 months in case of borrowers with repeated restructurings, respectively of 3 months in the rest of the cases.

i.1.2.3. Grouping of instruments for expected losses measured on a collective basis

For expected credit losses modelled on a collective basis, a grouping of exposures is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically relevant.

The risk drivers applied by the Group refer to:

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

i.1.2.4. Key inputs, assumptions and estimation techniques

The Expected Credit Loss (“ECL”) is measured:

- on a 12-month (12M) basis for Stage 1 classified exposures, or
- on a Lifetime basis for Stage 2 or Stage 3 classified exposures as well as for exposures purchased or originated credit-impaired.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per definition of Default above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation;
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. The Group estimates LGD parameters based on the estimated recoverable value of collaterals, allocated at each loan ID, calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting and multiplying the 12M or Lifetime PD, LGD and EAD for each individual exposure or collective segment.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a group with shared credit risk characteristics. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For revolving products, the exposure at default is predicted by taking current undrawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. For loans without a reimbursement schedule or for bullet loans, the EAD is considered constant up to “expected maturity”. For installment loans EAD is estimated considering the contractual reimbursement schedule. The prepayment effect was assessed as not significant and not considered in the estimation of EAD.

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

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

i.1.2.5. 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 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:

	31 December 2021			31 December 2020		
	base scenario	optimistic scenario	pessimistic scenario	base scenario	optimistic scenario	pessimistic scenario
Contribution of Agriculture in GDP	3% growth	15% growth	30% decline	14% growth	26% growth	9% decline
scenario weight	15%	5%	80%	54%	11%	35%

As at 31 December 2021 the management allocated higher weights to more pessimistic scenarios as compared to 31 December 2020 considering, amongst other, the following factors: a) in 2021 yields in agriculture were record high with increasing prices for outputs; b) towards the end of 2021 inflation started to rise doubled by surging commodity prices, including energy, gas and fuel which are expected to have a negative impact on the yields, outputs and profit margins of farmers.

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 22.8% compared with 2021.

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

- 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 have decreased by 2.1 million RON;
- for 2020, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 1.2 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 31 December 2021 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 31 December 2021) and with a high indebtness per productive unit (i.e. debt per hectar was considered). For such exposure the Group booked expected credit losses of 4.56 million RON. If the indebtness rate considered would have been 10% higher or lower the resulting allowance would have been (0.6 million RON lower respectively 0.5 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 0.75 million RON. The management 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)

i.1.3. 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 presented below:

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

For the purpose of ECL measurment the values of collaterals as included in the valuation reports are adjusted with haircuts specific to each type of collateral to reflect the management estimated recoverable amounts in forced sales scenarios and to account for the forward looking macroeconomic scenarios considered within the ECL measurement exercise.

Information about the fair value of the collateral used in the ECL measurement as at 31 December 2021 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	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	142,623	2,004,422

Comparative information as at 31 December 2020 is as follows:

Collateral \ Loan type	CAPEX	Credit Line	Factoring	Total
Loans collateralised by:				
Mortgage	66,956	693,353		**760,309**
Pledge on equipment	42,841	26,322		**69,163**
Pledge on stock		60,172		**60,172**
Total value of collaterals	**109,797**	**779,847**	**-**	**889,644**
Gross loans and advances granted	118,188	1,527,359	56,495	1,702,041

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

As at 31 December 2021, the Group has no asset (land or other) obtained by taking possession of collateral held as security (31 December 2020 nil) as a result of foreclosure procedures. Repossessed assets (generally represented by inventories – agricultural products) are sold as soon as practicable.

i.1.4. Loss Allowance

Following a year 2020 marked by severe draughts and SARS-CoV-2 pandemic restrictions, 2021 was a very good agricultural year, with record high yields for most farmers. In this favourable climate and economic environment, the Group recovered 5.4 million RON form exposures that were marked as impaired at 31 December 2020. The lower default rates during 2021 had a positive impact in the probabilities of default considered by the collective analysis.

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), as detailed above.

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

	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 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**

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

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2020	**8,519**	**5,639**	**19,789**	**33,947**
New assets originated	7,124			7,124
Increase of existing assets	6,001	9,322	1,180	16,503
Assets derecognized or repaid (excluding write off)	(1,973)	(400)	(826)	(3,199)
Transfers from Stage 1	(9,306)	5,968	3,337	
Transfers from Stage 2		(14,417)	14,417	
Transfers from Stage 3				
Amounts written off			(2,975)	(2,975)
ECL at 31 Dec 2020	**10,365**	**6,113**	**34,922**	**51,400**

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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 2021	**1,503,174**	**141,784**	**57,083**	**1,702,041**
New assets originated	1,768,528			1,768,528
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	**1,796,323**	**153,088**	**55,010**	**2,004,421**

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

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2020	**1,470,982**	**47,264**	**23,751**	**1,541,997**
New assets originated	1,490,452	-	-	1,490,452
Increase of existing assets	482,374	-	5,171	487,545
Assets derecognized or repaid (excluding write off)	(1,798,438)	(14,603)	(1,936)	(1,814,977)
Transfers from Stage 1	(142,195)	142,195	-	-
Transfers from Stage 2	-	(33,072)	33,072	-
Transfers from Stage 3	-	-	-	-
Amounts written off	-	-	(2,975)	(2,975)
GCA at 31 Dec 2020	**1,503,174**	**141,784**	**57,083**	**1,702,041**

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

31 Dec 2021	Capex		Credit line		Factoring	
	GCA	ECL	GCA	ECL	GCA	ECL
Collective analysis						
Stage 1	139,869	343	1,517,908	9,258	140,331	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**	**1,261**	**1,711,587**	**52,100**	**142,623**	**1,168**

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

31 Dec 2020	Capex		Credit line		Factoring	
	GCA	ECL	GCA	ECL	GCA	ECL
Collective analysis						
Stage 1	105,630	253	1,344,049	9,964	55,280	148
Stage 2	7,769	14	92,851	1,239	749	-
Stage 3	1,667	793	41,518	28,537	464	464
Individual analysis						
Stage 2	2,319	145	38,096	4,715		
Stage 3	804	134	10,845	4,994		
Total	**118,189**	**1,339**	**1,527,359**	**49,449**	**56,493**	**612**

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.1.4.1. 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 31 December 2021.

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**

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

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	292,911	-	-	**292,911**
	Medium risk	-	30,110	-	**30,110**
above 400HA					
	Low risk	1,023,296	-	-	**1,023,296**
	Medium risk	-	100,590	-	**100,590**
others					
	Low risk	27,844	-	-	**27,844**
	Medium risk	-	246	-	**246**
Non-performing					
below 400HA					
	Substandard	-	-	12,137	**12,137**
	Doubtful	-	-	393	**393**
	Loss	-	-	2,310	**2,310**
above 400HA					
	Substandard	-	-	18,540	**18,540**
	Doubtful	-	-	-	**-**
	Loss	-	-	2,404	**2,404**
others					
	Substandard	-	-	6,162	**6,162**
	Doubtful	-	-	-	**-**
	Loss	-	-	10,416	**10,416**
Total GCA		**1,344,051**	**130,946**	**52,362**	**1,527,359**

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 10.i.1.2.1).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 10.i.1.2.2).

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**

(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 2020	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	88,785	1,194	17,461	8,458	106,246	9,652
90 dpd (for Stage 3)			4,178	3,138	4,178	3,138
Individual analysis						
30 dpd (for Stage 2)	37,641	4,624	9,914	4,928	47,555	9,552
90 dpd (for Stage 3)			330	66	330	66
Total	**126,426**	**5,818**	**31,882**	**16,523**	**158,308**	**22,341**

i.1.4.2. 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 31 December 2021.

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	127,415	-	-	**127,415**
	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		**140,331**	**2,016**	**276**	**142,623**

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

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	1,793	-	-	**1,793**
	Medium risk	-	749	-	**749**
above 400HA					
	Low risk	51,185	-	-	**51,185**
	Medium risk	-	-	-	**-**
others					
	Low risk	2,302	-	-	**2,302**
	Medium risk	-	-	-	**-**
Non-performing					
below 400HA					
	Loss	-	-	178	**178**
above 400HA					
	Loss	-	-	286	**286**
Total GCA		**55,280**	**749**	**464**	**56,493**

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 10.i.1.2.1).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 10.i.1.2.2).

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
Individual analysis						
30 dpd (for Stage 2)	913	154	-	-	913	154
Total	**2,016**	**155**	**-**	**-**	**2,016**	**155**

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

31 Dec 2020	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	600	-	-	-	600	-
Total	**600**	**-**	**-**	**-**	**600**	**-**

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

i.1.4.3. 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 31 December 2021.

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**

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	27,024	-	-	**27,024**
	Medium-risk	-	1,584	-	**1,584**
above 400HA					
	Low risk	72,938	-	-	**72,938**
	Medium-risk	-	8,446	-	**8,446**
others					
	Low risk	5,668	-	-	**5,668**
	Medium-risk	-	58	-	**58**
Non-performing					
below 400HA					
	Substandard	-	-	1,030	**1,030**
	Doubtful	-	-	35	**35**
	Loss	-	-	118	**118**
above 400HA					
	Substandard	-	-	1,008	**1,008**
	Loss	-	-	94	**94**
others					
	Substandard	-	-	133	**133**
	Loss	-	-	184	**184**
Total GCA		**105,630**	**10,088**	**2,603**	**118,321**

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

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 10.i.1.2.1).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 10.i.1.2.2).

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**

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

31 Dec 2020	Stage 2		Stage 3		Total	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	7,769	14	904	315	8,673	329
90 dpd (for Stage 3)	-	-	98	65	98	65
Individual analysis						
30 dpd (for Stage 2)	2,319	145	804	134	3,123	278
90 dpd (for Stage 3)	-	-	-	-	-	-
Total	**10,088**	**159**	**1,806**	**448**	**11,796**	**607**

i.1.5. 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 31 December 2021, the modified net exposure was of RON 8,626 thousand (31 December 2020: RON 14,844 thousand).

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

An analysis of the restructured loans and advances to customers as at 31 December 2021 and 31 December 2020, per types of loans, is presented in the table below:

	31 December 2021		31 December 2020	
	Capex	Credit lines	Capex	Credit lines
Collective analysis				
Stage 2	882	2,945	29	4,111
Stage 3	340	10,555	505	13,916
Collective expected credit losses	**215**	**8,029**	**41**	**7,740**
Total GCA for collectively analysed loans and advanced to customers	1,221	13,500	535	18,027
Individual analysis				
Stage 2		1,637		1,946
Stage 3		4,484	383	6,830
Individual expected credit losses		**3,974**	**77**	**4,977**
Total GCA for individually analysed loans and advanced to customers		6,121	383	8,776
Totals				
Total expected credit losses	215	12,002	118	12,717
Total gross exposure	1,221	19,622	917	26,802
Total net exposure	**1,007**	**7,619**	**800**	**14,085**

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. The gross carrying amount of such assets held as at 31 December 2021 was RON 15 million (31 December 2020: RON 2 million).

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 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.

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

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 31 December 2021 or 1 January 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 31 December 2021 was determined as follows for trade receivables:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.26	2.46	9.85	20.86	63.37	69.42	100	
Trade receivables	412,477	10,337	10,057	3,340	5,509	159	17,132	459,011
ECL	1,072	255	991	697	3,491	110	17,132	23,746

Comparative information as at 31 December 2020 is included below:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.18	1.69	8.50	11.31	21.77	37.30	97.95	
Trade receivables	346,143	8,765	3,328	6,739	10,189	280	38,557	414,001
ECL	609	148	283	762	2,218	104	37,768	41,893

The decrease in the allowance expected credit losses on trade and other receivables as at 31 December 2021 compared to 31 December 2020 is due to higher write-offs performed in the reporting period.

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

The loss allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

	2021		2020	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Opening Balance	(41,893)	(5,970)	(39,324)	(5,970)
Amounts written off	16,033	5,407	990	-
Reversal	678	-	1,465	-
Impairment of receivables	(6,197)	-	(5,024)	-
Transfer to assets held for distribution	7,633	-	-	-
Closing Balance	**(23,746)**	**(563)**	**(41,893)**	**(5,970)**

Expected credit losses on trade and other receivables are presented as net credit losses, within gross profit.

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 withing 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 fertilisers and crop protection products, there is a high correlation between prices of most fertilisers 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 October 2021 highlights that the rally in energy prices, especially coal and natural gas, has sharply increased agricultural input costs, including fertilisers and crop protection products. High energy prices forced some chemical companies to halt or reduce production capacity. Surging natural gas prices in Europe resulted in widespread production cutbacks in ammonia—an important input for nitrogen fertilisers—while escalating thermal coal prices in China led to a rationing of electricity use in some provinces and forced fertiliser factories to cut production. Significant production facilities in Romania have also announced their intention to interrupt their activity due to increased energy and gas prices.

In addition to the market turmoil created by surging commodity prices, China has announced the suspension of fertiliser exports until June 2022 to ensure domestic availability amid food security concerns. China's exports of DAP (diammonium phosphate) and urea account for approximately one-third and one-tenth of global trade, respectively. Adding to supply concerns, Russia announced restrictions on nitrogen and phosphate fertilizer exports for six months, effective December 1, 2021.

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

In this context, during the second half of 2021 the local market experienced significant shortages in fertilisers and crop protection products. Such shortages are only expected to be exacerbated by export restrictions and geopolitical contexts. Our market position and financial stability allowed us to continue to serve our customers and build up stocks of both fertilisers and crop protection products in preparation for the 2022 spring agricultural campaigns (refer to Note 19 for details on the Group's fertilisers and crop protection products inventory levels). As part of their risk mitigation strategies, a significant number of our customers chose to secure their purchases by placing firm acquisition orders backed by prepayments (refer to Note 20 for details on advances received from customers).

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 currency position within Agrifinace should not exceed 10% of its Total Capital.

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:

	31 December 2021		31 December 2020	
	EUR	USD	EUR	USD
Assets				
Cash and bank balances	1,948	23	6,515	23
Loans and advances to customers	105,907		48,933	
Trade and other receivables	2,984		4,576	71
Total assets	**110,839**	**23**	**60,024**	**94**
Liabilities				
Borrowings	129,585		179,308	
Issued bonds	203,206			
Trade and other payables	50,255	23,050	24,655	8,018
Total Liabilities	**383,045**	**23,050**	**203,963**	**8,018**
Derivative financial instruments (notional)	205,487		94,710	
Net financial position	**(66,719)**	**(23,027)**	**(49,229)**	**(7,924)**

(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.

	2021 *EUR strengthening by 3.4%*	2020 *EUR strengthening by 2.5%*
Gain / (loss) before tax of:	(2,269)	(1,252)
Equity	(2,006)	(1,172)

	2021 *USD strengthening by 3.4%*	2020 *USD strengthening by 2.5%*
Gain / (loss) before tax of:	(774)	(198)
Equity	(650)	(166)

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 manage the risk of open repricing gap using floating-to-fixed interest rate swaps.

All borrowings contracted by the Group bear floating 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.

Notes to the Consolidated Financial Statements
Risk Management

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

The following table provides an analysis of the Group's interest rate risk exposure on 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	801,506	12,027	1,110,791	25,569	1,949,893
Other non-current receivables				9,093	9,093
Trade and other receivables	23,505	17,359	417,311	-	458,175
Cash and cash equivalents	101,597				101,597
Total financial assets	**926,607**	**29,386**	**1,528,102**	**34,662**	**2,518,757**
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**	**715,461**	**412,494**	**201,801**	**2,101,541**
Interest repricing gap	**154,823**	**(686,076)**	**1,115,608**	**(167,139)**	**417,216**

Comparative information as at 31 December 2020 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	1,018,612	-	632,030	-	1,650,642
Other non-current receivables				21,721	21,721
Trade and other receivables	32,352	8,354	353,394	-	394,100
Cash and cash equivalents	94,593				94,593
Total financial assets	**1,145,557**	**8,354**	**985,424**	**21,721**	**2,161,056**
Bank borrowings	876,994	448,863	121,692	22,433	1,469,982
Trade and other payables	45,372	8,595	276,882	-	330,848
Total financial liabilities	922,366	457,458	398,574	22,433	1,800,830
Interest repricing gap	**223,191**	**(449,104)**	**586,849**	**(711)**	**360,226**

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 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.

(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 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.

	2021 *Interest rate (+100 b.p parallel shift)*	2020 *Interest rate (+100 b.p parallel shift)*
Gain / (loss) before tax of:	699	634
Equity	587	536

iii. Liquidity Risk

Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core capital base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

The treasury departments of the subsidiaries of the Company are responsible for working with other departments within the respective subsidiaries to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required.

Prudent liquidity risk management also implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed borrowing facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under credit lines. The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2021	31 December 2020
Undrawn Committed facilities	**211,729**	**231,988**
expiring within one year	211,729	231,988
Undrawn Uncommitted facilities	**473,121**	**488,467**
expiring within one year	473,121	473,467
expiring beyond one year	-	15,000
Total available undrawn facilities, *of which:*	**684,850**	**720,455**
expiring within one year	684,850	705,455
expiring beyond one year	-	15,000
Unencumbered eligible assets	653,954	428,389

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

The Group uses the Current Ratio (i.e. the ratio of current assets to current liabilities) to monitor and promote a robust liquidity profile. The Group calculates the Current Ratio on a monthly basis which shall not be less than 1. The Current Ratio for the Group at 31 December 2021 is 1.42 (31 December 2020: 1.42).

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

Analysis of financial assets and liabilities

The Group manages its exposure to the liquidity risk using a maturity structure of its monetary assets and liabilities based on remaining contractual maturities of assets and liabilities with set payment terms and on expected cash flows for those assets or liabilities without specific maturities. The table below shows how the Group manages its liquidity risk by presenting the undiscounted cash flows of monetary assets and liabilities on time bands based on their remaining contractual maturities. Some of the Group's borrowings and all of its loans and advances granted are uncommited, including unconditional early call options in favour of the lender. Based on its history and relationships developed with its business partners, the Group concluded that exercising such options is highly unlikely, thus the early call options are not considered in the analysis below. Derivatives held for risk management purposes are shown based on their remaining contractual maturity at their expected cash flows estimated based on the market conditions at the end of the periods presented.

31 December 2021	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	total
Loans and advances to customers	467,214	1,061,597	224,105	370,465	109,313	2,232,694
Other non-current receivables			8,289	804		9,093
Trade and other receivables	50,151	408,024	-	-		458,175
Cash and cash equivalents	101,597					101,597
Expected inflows on assets	**618,962**	**1,469,620**	**232,394**	**371,269**	**109,313**	**2,801,558**
Bank borrowings	257,774	786,915	289,663	434,557	24,725	1,793,634
Finance lease liabilities	3,897	3,151	4,424	2,278	-	13,750
Trade and other payables	152,181	272,490	-	-	-	424,670
FX forward risk management purposes	744					744
Expected outflows on liabilities	**414,595**	**1,062,556**	**294,087**	**436,835**	**24,725**	**2,232,798**
Off balance sheet items						
Derivative notional amount(inflow)	67,903	-	1,580	-	54,713	124,196
Derivative notional amount(outflow)	(69,848)	-	(3,300)	-	(60,242)	(133,390)
Financial guarantee	5,500	-	-	-	-	5,500
Expected outflows on liabilities	**418,150**	**1,062,556**	**292,367**	**436,835**	**19,196**	**2,229,104**
Net gap	**200,812**	**407,065**	**(59,973)**	**(65,566)**	**90,117**	**572,454**

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

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	total
Loans and advances to customers	384,229	948,021	203,243	331,802	78,810	1,946,105
Other non-current receivables	-	-	18,449	3,272		21,721
Trade and other receivables	39,851	354,249	-	-	-	394,100
Cash and cash equivalents	94,593					94,593
Expected inflows on assets	**518,673**	**1,302,270**	**221,692**	**335,074**	**78,810**	**2,456,519**
Bank borrowings	141,176	607,810	476,272	323,665	45,989	1,594,911
Finance lease liabilities	4,755	7,073	7,645	3,028	-	22,500
Trade and other payables	57,197	273,652	-	-		330,849
FX forward risk management purposes	907					907
Expected outflows on liabilities	**204,034**	**888,534**	**483,916**	**326,693**	**45,989**	**1,949,167**
Off balance sheet items						
Derivative notional amount(inflow) (restated)	32,536	-	-	-	-	32,536
Derivative notional amount(outflow) (restated)	(32,536)	-	-	-	-	(32,536)
Financial guarantee	6,500	-	-	-	-	6,500
Expected outflows on liabilities	**210,534**	**888,534**	**483,916**	**326,693**	**45,989**	**1,955,667**
Net gap	**308,139**	**413,736**	**(262,225)**	**8,381**	**32,821**	**500,852**

Correction of prior period error

Cash outflows and inflows on derivative instruments contracts were previously presented on gross basis. Related derivatives instruments contracts are net settled. The error has been corrected by restating the disclosure of the related cash inflows and outflows on a net basis to account for the net settlement provisions of the contractual agreements, as follows:

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

Impact of the restatement is as follows:

	31 December 2020 as previously reported	Increase / (decrease)	31 December 2020 restated
Derivative notional amount			
Derivative notional amount(inflow)	94,710	(62,174)	32,536
Derivative notional amount(outflow)	(94,710)	62,174	(32,536)
Net settle derivative liabilities	1,368	(461)	907

The analysis as previously reported is presented below (the restated analysis is as presented on page 52):

31 December 2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	total
Loans and advances to customers	384,229	948,021	203,243	331,802	78,810	1,946,105
Other non-current receivables	-	-	18,449	3,272		21,721
Trade and other receivables	39,851	354,249	-	-	-	394,100
Cash and cash equivalents	94,593					94,593
Expected inflows on assets	**518,673**	**1,302,270**	**221,692**	**335,074**	**78,810**	**2,456,519**
Bank borrowings	141,176	607,810	476,272	323,665	45,989	1,594,911
Finance lease liabilities	4,755	7,073	7,645	3,028	-	22,500
Trade and other payables	57,197	273,652	-	-		330,849
FX forward risk management purposes	1,368					1,368
Expected outflows on liabilities	**204,496**	**888,534**	**483,916**	**326,693**	**45,989**	**1,949,628**
Off balance sheet items						
Derivative notional amount(inflow) (restated)	94,710	-	-	-	-	94,710
Derivative notional amount(outflow) (restated)	(94,710)	-	-	-	-	(94,710)
Financial guarantee	6,500	-	-	-	-	6,500
Expected outflows on liabilities	**210,996**	**888,534**	**483,916**	**326,693**	**45,989**	**1,956,128**
Net gap	**314,177**	**413,736**	**(262,225)**	**8,381**	**32,821**	**506,891**

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

The table below shows the undiscounted cash flows of its financial liabilities as at 31 December 2021. Repayments which are subject to notice are treated as if notice were to be given immediately.

31 December 2021	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	total
Bank borrowings	690,163	340,200	289,663	463,098	24,725	1,807,849
Finance lease liabilities	3,897	3,151	4,424	2,027	-	13,499
Trade and other payables	152,181	272,490	-	-	-	424,670
FX forward risk management purposes	744	-	-	-	-	744
Derivative notional amount(inflow)	67,903	-	1,580	-	54,713	124,196
Derivative notional amount(outflow)	(69,848)	-	(3,300)	-	(60,242)	(133,390)
Financial guarantees granted	5,500	-	-	-	-	5,500
Total	**850,540**	**615,841**	**292,367**	**465,124**	**19,196**	**2,243,068**

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	total
Bank borrowings	635,370	268,485	309,888	308,644	44,959	1,567,346
Finance lease liabilities	4,755	7,073	7,645	3,028	-	22,500
Trade and other payables	57,197	273,652	-	-		330,849
FX forward risk management purposes	907	-	-	-		907
Derivative notional amount(inflow)	32,536	-	-	-		32,536
Derivative notional amount(outflow)	(32,536)	-	-	-		(32,536)
Financial guarantees granted	6,500	-	-	-		6,500
Total	**704,729**	**549,210**	**317,532**	**311,672**	**44,959**	**1,928,102**

(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.

11 EQUITY

Issued share capital

	31 December 2021	31 December 2020
Authorised		
ordinary shares of 0,1RON each	2,163,968,075	2,163,968,075

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

Ordinary shared, issued and fully paid:	2021 \#	RON'000	2020 \#	RON'000
at 1 January	2,163,968,075	216,397	2,163,968,075	216,397
issued during the period				
at 31 December, *of which owned by:*	**2,163,968,075**	**216,397**	**2,163,968,075**	**216,397**
Mr. Kanani Jabbar	1,888,469,175	188,847	1,888,469,175	188,847
EBRD	275,414,102	27,541	275,414,102	27,541
Others	84,798	8	84,798	8
Share Premium		4,351		4,351
Total Share capital and share premium		**220,748**		**220,748**

Ordinary shares have a par value of 0,1RON. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of the shares held. There are no other classes of equity instruments issued by the Company.

Other reserves

'Other reserves' comprises of legal and other reserves.

Legal provisions require the Company that, at the end of each financial year, at least 5% of its accounting profit to be transferred to non-distributable legal reserves until the balance reaches 20% of the Company's share capital. As of 31 December 2021, the balance of non-distributable legal reserve of the Company amounted to RON 5,108 thousand (31 December 2020: RON 4,582 thousand).

Revaluation reserves

The property, plant and equipment revaluation reserves is used to record increments and decrements on the revaluation of non-current assets carried at revalued amounts. In the event of a sale or disposal of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings (refer to note 22 for details).

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

12 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

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

#	item description	Reference/ Note	31 December 2021	31 December 2020
=(A+B-C)/D	**Net Debt Ratio**		**2.71**	**2.80**
A	Borrowings	16	1,676,870	1,469,981
B	Lease liabilities	21	13,498	22,500
C	Cash and cash equivalents	15	101,597	94,593
D	Total equity	11	585,676	499,381

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 (refer to the Agricover Credit IFN consolidated financial statements as at and for the year ended 31 December 2021 for details regarding the calculation of these financial covenants). Agricover Credit IFN and the Group complied with all externally imposed capital requirements throughout 2021 and 2020, as described above and in Note 16.

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

13 OVERVIEW OF FINANCIAL INSTRUMENTS

An overview of the financial instruments held by the Group is presented below:

	Note	31 December 2021	31 December 2020
Financial assets at amortised cost:		**2,518,757**	**2,161,055**
Loans and advances to customers	10	1,949,893	1,650,641
Other non-current receivables	14	9,093	21,721
Trade and other receivables	14	458,175	394,100
Cash and cash equivalents	15	101,597	94,593
Financial liabilities at amortised cost:		**2,111,286**	**1,822,031**
Borrowings	16	1,690,369	1,492,482
Trade and other payables	17	420,917	329,549
Financial assets at fair value:			
Derivatives held for risk management purposes		116	-
Financial liabilities at fair value:			
Derivatives held for risk management purposes		1,275	1,368

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

With the exception of trade receivables, at initial recognition the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within the agricultural season and are therefore all classified as current. Trade receivables do not contain significant financing components and are recognised initially at the amount of consideration that is unconditional.

Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, as described in note 10.i, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Classification and subsequent measurement

The Group applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL); and
- Amortised cost.

Classification and subsequent measurement depend on:

i. the Group's business model for managing the asset – it reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of asset; and
ii. the cash flow characteristics of the asset – namely whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Group classifies its financial assets as follows:

- amortised cost – cash and cash equivalents, trade and other receivables and loans and advances granted are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and are measured at amortised cost;
- fair value through profit or loss – derivatives held for risk management purposes which are not designated as part of hedging relationships are measured at fair value through profit or loss. Gain or losses on derivatives held for risk management purposes are presented as net loss from derivative financial instruments in the consolidated statement of profit or loss and other comprehensive income.

Significant judgement – modified time value of money element

Revolving credit lines granted by the Agrifinance division of the Group include a modified time value of money element by which the benchmark rate tenor is different from the repricing period. The management used judgement in classifying such loans as at amortised cost. In applying this judgement the management has considered the results of a qualitative benchmark test which analysed the spread and correlation between the contractual benchmark rate and the benchmark rate with a tenor that matches the repricing period.

The amortised cost is the amount at which the financial instrument (asset or liability) is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

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

Expected credit losses

The Group assesses on a forward-looking basis the expected credit losses (‘ECL’) associated with its financial assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money whereby expected shortfalls are discounted using the original effective interest rate of the financial asset or an approximation thereof; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 10.i provides more details of how the expected credit loss allowance is measured.

Classification of financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for derivatives held for risk management purposes which are not designated as part of a hedging relationship and which are measured at fair value through profit or loss.

Gains or losses on derivatives held for risk management purposes are presented as net loss from derivative financial instruments in the consolidated statement of profit or loss and other comprehensive income.

Modifications

If the terms of a financial instrument are modified, then the Group evaluates whether the cash flows of the modified instrument are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial instrument (asset or liability) are deemed to have expired. In this case, the original financial instrument is derecognised and a new financial instrument is recognised. Any fees received or paid as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset or liability and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset or liability; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows on a financial asset are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In all other cases a gain or loss on the modification of a financial asset is presented as interest income. Gains or losses on the modification of a financial liability are presented as interest expense.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Loans and advances to customers are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of forced execution and a failure to make contractual payments. Any subsequent recoveries of amounts previously written off are credited to net credit losses on financial assets, in profit or loss for the year.

Financial guarantees and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 10.i); and
- The premium received on initial recognition less, when appropriate, income recognised in accordance with the principles of IFRS 15 *Revenue from contracts with customers*, namely linearly over the life of the guarantee.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 10.i).

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

14 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), however all maturities are within an agricultural season. Therefore all trade receivables all classified as current. Trade receivables do not include a financing component and 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 (refer to Note 4 for details around the measurement of the variable consideration represented by “commercial discounts”).

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

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 10.i.2.

	31 December 2021	31 December 2020
Trade receivables	680,313	565,757
Expected commercial discounts (note 4)	(221,303)	(151,756)
Trade receivables net of expected discounts	**459,010**	**414,001**
Less: allowance for trade receivables	(23,746)	(41,893)
Trade receivables – net	**435,264**	**372,109**
Receivables from related parties (note 27)	19,385	21,937
Other receivables	13,182	27,745
Total other receivables	**32,567**	**49,682**
Less: allowance for other receivables	(563)	(5,970)
Total other receivables	**32,004**	**43,712**
Total, *of which:*	**467,268**	**415,821**
current portion	458,175	394,100
non-current portion, *of which:*	9,093	21,721
Receivables from related parties	4,626	16,214
Other receivables	4,467	5,507

Other receivables classified as at 31 December 2021 and as at 31 December 2020 as non-current refer mainly to:

- 2,737 thousand RON (31 december 2020: 2,461 thousand RON) are 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 Group would regain posesion of the respective assets; and
- 1,730 thousand RON (31 December 2020: 2,831 thousand RON) represents the remaining consideration to be received following the sale by the Company of a 10% participation in Agricover SA.

15 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, with maturities of 3 months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

As at 31 December 2021 and 31 December 2020 Cash and cash equivalents presented in the Statement of financial position and in the Statement of cash flows are represented by placements held with highly reputable local banks, as follows:

	31 December 2021	31 December 2020
Current account	99,719	93,345
Deposits with banks	1,878	1,248
Total	**101,597**	**94,593**

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

16 BORROWINGS

	31 December 2021	31 December 2020 restated
Non-current		
Bank borrowings	488,135	620,915
Issued bonds	196,923	-
Total non-current borrowings	**685,058**	**620,915**
Current		
Bank borrowings	985,530	849,067
Isued bonds	6,282	-
Total current borrowings	**991,812**	**849,067**
Total borrowings	**1,676,870**	**1,469,981**

Correction of prior period error

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

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	31 December 2020 as previously reported	Increase / (decrease)	31 December 2020 restated
Non-current			
Bank borrowings, *out of which*			
Borrowings	785,984	(165,069)	620,915
Lease liabilities	11,533	-	11,533
Total non-current borrowings	**797,517**	**(165,069)**	**632,448**
Current			
Bank borrowings, *out of which*			
Borrowings	683,998	165,069	849,067
Lease liabilities	10,967	-	10,967
Total current borrowings	**694,965**	**165,069**	**860,034**
Total borrowings	**1,492,482**	**-**	**1,492,482**

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 28.

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

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

Borrowings from:	**31-Dec-21**	**31-Dec-20**
Local banks	953,661	899,246
International financial institutions within European Union	401,839	425,027
International Investment Bank	95,644	112,810
International Finance Corporation	22,690	32,718
Issued bonds	203,036	-
Total borrowings	**1,676,870**	**1,469,981**

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.

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 and its subsidiaries have complied with all financial covenants imposed by the issued bond and by its borrowing facilities during 2021 and 2020 reporting periods. Non-compliance with financial covenants would result in the creditors having the right to early call the related facilities.

Changes in liabilities arising from financing activities

Significant changes in the Group's liabilities as arising from its financing activities are presented here:

	2021		2020	
	Borrowings	Lease liability	Borrowings	Lease liability
at 1 January	**1,469,981**	**22,500**	**1,400,901**	**28,037**
Withdrawals	4,390,956	-	2,942,481	-
New contracts	-	6,238	-	9,107
Interest accrued during the period	63,831	298	71,776	349
Interest paid	(59,910)	(298)	(72,085)	(349)
Repayments	(4,153,650)	(9,375)	(2,878,059)	(10,448)
Transfers to discontinued operations	(40,379)	(5,815)	-	-
Early termination	-	-	-	(4,768)
Foreign exchange rate effect	6,041	(50)	4,968	573
at 31 December	**1,676,870**	**13,498**	**1,469,981**	**22,501**

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

17 TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Trade payables	402,598	318,685
Expected commercial discounts	(56,705)	(55,771)
Trade payables net of expected discounts	**345,893**	**262,914**
Payables to related parties (note 27)	41,007	46,387
Fixed assets suppliers	371	971
Dividends payable	1,569	1,075
Refund liability	10,459	-
Salaries and related taxes	21,619	18,203
Total other payables	**75,025**	**66,635**
Total	**420,917**	**329,549**
Other non-financial liabilities		
VAT payable	3,399	1,048
Other current liabilities	354	251
Total trade and other payables	**424,671**	**330,849**

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.

Singificant estimate – expected commercial discounts

The Group receives from its suppliers discounts for compliance with contractual payment terms (similar discounts are offered by the Group to its customers – refer to Note 4 for details). Such commercial or settlement discounts received are deducted from the cost of inventories to the extent that it is probable that they will take effect. In its estimation of the such probabilities the management considers past patterns as well as new information available to the treasury and risk teams of the Group. Considering the solid financial position and liquidity of the Group, substantially all commercial invoices in 2021 and 2020 were settled within the payment terms agreed with the suppliers.

Refund liability

The Group does not grant explicit rights of return for the products it sells. Implied return rights can arise from statements or promises made to customers during the sales process, statutory requirements, or our desire to mitigate the risk of customer dissatisfaction.

A right of return is not a separate performance obligation for the purpose of revenue recognition, but it affects the estimated transaction price for transferred goods. Revenue is only recognised for those goods that are not expected to be returned. The Group estimates the amount it expect to repay or credit customers using the expected value method, by considering the returns accepted in the previous two financial years and the respective turnover in the reporting period. Specific conditions related to certain customers, products, promotional campaigns or similar are considered separately in assessing the right of return liability. Following this estimation process the Group assessed that it is highly probable that there will not be a significant reversal of revenue if the estimate of expected returns changes.

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

In accounting for its implicit rights of return, a refund liability (with a corresponding adjustment to revenue) and an asset (with a corresponding adjustment to cost of sales) representing its right to recover the products from the customer are recognised.

The refund liability represents the amount of consideration that the Group expects to refund to its customers. The refund liability is remeasured at each reporting date to reflect changes in the estimate of returns, with a corresponding adjustment to revenue. The asset represents the Group's right to receive goods (inventory) back from the customers when it settles the refund obligation. The asset is initially measured at the carrying amount of the goods at the time of sale, less any expected costs to recover the goods and any expected reduction in value. The returns asset is presented separately from the refund liability (refer to Note 20). The amount recorded as an asset is updated for changes in the refund liability and for other changes in circumstances that might suggest an impairment of the asset.

18 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 statement of financial position at the end of each reporting period.

	31 December 2021		31 December 2020	
	Level 2	Total	Level 2	Total
Financial liabilities at fair value:				
Derivatives held for risk management	(1,275)	(1,275)	(1,368)	(1,368)

As at 31 December 2021 the Group had FX Forward contracts outstanding with a total negative fair value of RON 1,275 (31 December 2020: RON 1,368). The fair value was estimated based on discounted cash flows model, using directly observable inputs (i.e.: market FX and interest rates). As

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

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 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.

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*	*138,992*
	-	**-**	**1,937,420**	**1,937,420**	**1,949,893**
Non-current receivables	-	7,367	-	7,367	7,424
Total assets		**7,367**	**1,937,420**	**1,944,787**	**1,957,317**
Issued bonds	209,902			209,902	203,205

Comparative information as at 31 December 2020 is presented below:

31 December 2020	Level 1	Level 2	Level 3	Total	Carrying value
Loans and advances to customers:					
Capex			116,854	116,854	116,850
Credit lines			1,475,219	1,475,219	1,473,974
Factoring			52,461	52,461	59,817
			1,644,534	**1,644,534**	**1,650,641**
Non-current receivables		18,622		18,622	18,827
Total assets		**18,622**	**1,644,534**	**1,663,156**	**1,662,097**

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.

(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** are listed on the Stock Exchange Bucharest.

Fair value of **non-current receivables** was estimated by considering interest rates from borrowings contracted by the Group in 2021.

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

All Group's **borrowings** from banks and international financial institutions 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.

(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 19);
- Other current assets (note 20);
- Leases (note 21);
- Property, plant and equipment (note 22);
- Intangible assets (note 23);

and related material accounting information, judgement and estimates.

19 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts (refer to Note 17). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

	31 December 2021	31 December 2020
Certified seeds	2,425	2,835
Fertiliser	46,799	11,834
Crop protection products	68,392	40,652
Other	-	3,884
Total carrying amount of goods purchased for resale	**117,616**	**59,205**
Packaging, spare parts and other consumables	417	4,037
	118,033	**63,242**

Increase in inventories of fertilisers and crop protection products is driven by the turmoil and shortages on these markets. Given surges of commodities prices, which represent a significant input in the production of both fertilisers and crop protection products local and global production facilities have ceased or interrupted their activities. In this context the Group decided to timely secure inventories needed to meet the local demand for the 2022 spring campaign (refer to Note 10 for further details around commodities price risk).

20 OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Advances for inventories	21,875	3,145
Right to returned goods	8,129	-
Prepayments	3,584	1,927
Advances to suppliers	289	41
Total other current assets	**33,878**	**5,113**

Advances for inventories

Increase in advances for inventories are determined by surging prices and shortages of fertilisers and crop protection products, mainly generated by rallies in commodities prices. To ensure supplies and build up inventory levels in preparation for the 2022 spring campaign the Group decided to pay higher advances to selected suppliers (refer to Note 10 for commodities price risk details).

Right to returned goods

In accounting for the implicit right of return for products sold to customers, the Group recognises the “Right to returned goods” asset (with a corresponding adjustment to cost of sales) representing its right to recover the products when it settles the refund obligation (refer to Note 17 which includes detailed accounting policy for regonising and measuring the right of return).

21 LEASES

The Group leases various offices, warehouses, working points, equipment and vehicles. The Group acts as a lessee in all its significant leasing agreements. This note details the accounting policy applied by the Group as a lessee, related significant estimates and impact of leases on the Group’s financial position, performance and cash flows.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date and subsequently updated based on the index or rate valid at each reporting period;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- payments to be made under reasonably certain extension options.

Contracts to lease buildings and vehicles include non-lease components, such as repair and maintenance, security or management services. Prices of non-lease components are clearly stated in all significant lease agreements of the Group and the management is satisfied that such prices are representatiave of the standalone selling prices for similar services. The Group separates lease and non-lease components.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs

Extension and termination options are included in a number of property and equipment leases across

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

the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the lessee and not by the respective lessor. Lease contracts of the Group do not include purchase options.

Right of use assets are depreciated over the shortest of the asset's useful life or the lease term (which is impacted by reasonably certain prolongation or early termination options available to the Group).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

While the group revalues its land and buildings that are presented within property, plant and equipment, it has chose not to do so for the right-of-use buildings held by the Group.

Significant estimate – discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses as a starting point:

- where possible, recent third-party financing received by the individual lessee; or
- interest rates obtained by the lessee from various external financing sources.

Management then makes certain adjustments to reflect the terms of the lease and type of the asset leased. Significant inputs used by the Group in measuring lease liabilities and right of use assets are details below:

	Buildings		Vehicles	
	2021	2020	2021	2020
Weighted average incremental borrowing rate	2.26	2.24	2.32	2.71
Weighted average residual lease term	2.13	2.41	1.43	1.93
Weighted average lease term at recognition	2.69	2.64	3.89	2.20

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements
Non-financial assets and liabilities

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

The balance sheet shows the following amounts relating to leases:

	31 December 2021	31 December 2020
Right of use assets		
Buildings	4,841	10,512
Vehicles	6,803	9,305
Equipment	1,957	2,179
	13,602	**21,995**
Lease liabilities		
Current	7,229	10,967
Non-current	6,270	11,533
	13,498	**22,500**

Lease liabilities

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Right of use assets

The reconciliation of opening and closing right of use assets for 2021 is presented below:

	Buildings	Equipment	Vehicles	Total
As at 01 January	10,512	2,179	9,305	21,996
Transfer to assets held for distribution	(2,630)	(2,090)	(710)	(5,430)
Additions	2,026	-	4,392	6,418
Depreciation	(5,066)	(18)	(4,297)	(9,381)
As at 31 December	**4,842**	**71**	**8,690**	**13,603**

Comparative information for 2020 is presented below:

	Buildings	Equipment	Vehicles	Total
As at 01 January	11,936	5,758	10,136	27,829
Early lease termination	(1,760)	(2,332)	(420)	(4,512)
Additions	4,998	104	4,004	9,107
Depreciation	(4,663)	(1,351)	(4,415)	(10,429)
As at 31 December	**10,512**	**2,178**	**9,305**	**21,995**

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

The statement of profit or loss shows the following amounts relating to leases, related to continuing operations:

	2021	2020
Depreciation charge for right of use assets:		
Buildings	(3,757)	(4,663)
Equipment	(18)	(1,351)
Vehicles	(4,297)	(4,415)
	(8,073)	**(10,429)**
Interest expense (included in interest cost)	297	349

The total cash outflow for leases in 2021 was RON 12,866 thousand (2020: RON 10,448 thousand).

22 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are recognised at revalued amount based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Most recent valuation of land and buildings was performed at 31 December 2019.

A revaluation surplus is credited to reserves in shareholders' equity. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be debited to reserves in shareholders' equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

All other property, plant and equipment is recognised at historical cost less accumulated depreciation and impairment losses, if any. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- Buildings 18 to 28 years
- Vehicles and machinery 3 to 10 years
- Furniture and equipment 3 to 12 years

Furniture, fittings and equipment include leasehold improvements which are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

Notes to the Consolidated Financial Statements
Non-financial assets and liabilities

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

The reconciliation of the carrying amount of each significant class of property plant and equipment is presented below:

	Land and buildings	Vehicles and machinery	Furniture and equipment	Packaging	Construction in progress	Total
Gross book value	49,595	30,602	4,310	3,745	423	88,675
Accumulated depreciation	(3,756)	(8,959)	(1,472)	(1,199)	(4)	(15,390)
Net book value at 1 January 2021	**45,839**	**21,643**	**2,838**	**2,546**	**419**	**73,285**
Additions	982	5,545	279	42	2,882	9,730
Disposals at cost	(57)	(105)	-	(14)	(17)	(193)
Transfers	952	-	-	-	(952)	-
Depreciation charge	(1,109)	(1,487)	(290)	(297)	-	(3,183)
Accumulated depreciation of disposals	50	103	70	79	-	302
Transfer to assets held for distribution:						
Gross book value	(47,423)	(29,478)	(945)	(3,788)	(2,332)	(83,966)
Accumulated depreciation	1,915	4,601	258	1,432	-	8,206
Net book value at 31 December 2021	**1,149**	**822**	**2,210**	**-**	**-**	**4,181**
Gross book value	4,049	6,564	3,644	-	4	14,261
Accumulated depreciation	(2,900)	(5,742)	(1,434)	-	(4)	(10,080)

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

Comparative information for 2020 is included below:

	Land and buildings	Vehicles and machinery	Furniture and equipment	Packaging	Construction in progress	Total
Gross book value	37,840	22,425	3,696	3,043	6,123	73,127
Accumulated depreciation	(2,157)	(6,710)	(899)	(554)	(4)	(10,324)
Net book value at 1 January 2020	**35,683**	**15,715**	**2,797**	**2,489**	**6,119**	**62,803**
Additions	576	8,540	621	702	6,575	17,014
Disposals at cost	(324)	(363)	(7)	-	(708)	(1,402)
Transfers	11,566	-	-	-	(11,566)	-
Depreciation charge	(1,694)	(2,476)	(573)	(692)	-	(5,435)
Accumulated depreciation of disposals	95	227	-	47	-	368
Transfer to assets held for distribution:						
Gross book value	(63)	-	-	-	-	(63)
Net book value at 31 December 2020	**45,839**	**21,643**	**2,838**	**2,546**	**419**	**73,285**
Gross book value	49,595	30,602	4,311	3,744	423	88,675
Accumulated depreciation	(3,756)	(8,958)	(1,472)	(1,200)	(4)	(15,390)

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

23 INTANGIBLES

Intangibles of the Group are represented mainly by software licences acquired and by internally generated software. The Group has no intangibles with indefinite useful life. Licenses and internallly generated software are recognised at historical cost less amortisation and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Amortisation for software licences and for internally generated software is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives of 3 to 5 years.

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	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)

Comparative information for 2020 is included below:

	Software licences	Total
Gross book value	12,580	12,580
Accumulated amortisation	(10,607)	(10,607)
Net book value at 1 January	**1,973**	**1,973**
Additions	3,807	3,807
Amortisation charge	(805)	(805)
Disposals	(3)	(3)
Net book value at 31 December	**4,972**	**4,972**
Gross book value	16,379	16,379
Accumulated amortisation	(11,407)	(11,407)

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

Main additions of licenses are represented by the implementation of SAP 4Hana and the migration to the updated version of SAP starting January 2021. 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.

Significant judgement – capitalisation of development costs

In accordance with IAS 38, the Group has capitalised development costs and has expensed all other related costs when incurred. The development phase started in March 2021, when mostly all significant characteristics of the platform were clarified based on prior market research and interviews with relevant farmers and other stakeholders. However, all significant types of costs were reviewed and capitalised only to the extent that they are specifically related to the design or development of the platform. Costs with licences of tools and systems used as part of the platform development were capitalised during the development phase and expensed thereafter, if the case. The total value of costs capitalised as of 31 December 2021 is of 8.15 million RON.

Significant estimate – useful life of internally generated software

As at 31 December 2021, the carrying amount of the software developed by the Group was of RON 7,94 million RON. The management estimates the useful life of the software to be at least five years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than five years, depending on technical innovations and competitor actions. As the platform was available for use starting end of November 2021, different useful lives would not have had a significant impact on its carrying amount or on the depreciation charged to profit or loss.

24 CONTRACT LIABILITIES

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

	31 December 2021	31 December 2020
Advances from customers	26,454	4,884
Deferred revenues	634	459
Total	**27,088**	**5,342**

Increase in advances from customers are determined by surging prices and shortages of fertilisers and crop protection products, mainly generated by rallies in commodities prices. To mitigate price and availability risk farmers chose to secure their acquisitions by placing firm orders backed by prepayments (refer to Note 10 for commodities price risk details).

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

This section provides information on how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about changes to the structure that occurred during the year as a result of the distribution of a discontinued operation.

25 NON-CONTROLLING INTERESTS

Material subsidiaries of the Company are presented in Note 1. All the subsidiaries of the Company are incorporated in Romania, which is also their principal place of business.

	31 December 2021	31 December 2020
NCI accumulated in Agricover SA	18,409	15,469
NCI accumulated in Clubul Fermierilor Romani Broker de Asigurare SRL	1,507	282
NCI accumulated in Abatorul Peris SA	611	782
Total	**20,527**	**16,533**

Set out below is summarised financial information for Agricover SA, which is the only subsidiary of the Company which has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised statement of financial position	31 December 2021	31 December 2020
Current assets	606,249	441,768
Current liabilities (restated)	490,178	356,566
Current net assets	**116,071**	**85,202**
Non-current assets	26,296	36,157
Non-current liabilities (restated)	4,783	5,744
Non-current net assets	**21,513**	**30,413**
Equity	**137,584**	**115,614**
Accumulated NCI (13.38%)	18,409	15,469

Summarised statement of comprehensive income	31 December 2021	31 December 2020
Revenue	1,716,394	1,135,126
Operating profit	62,486	44,769
Profit for the year	38,677	29,862
Total comprehensive income for the year	**38,677**	**29,602**
Profit allocated to NCI	5,174	3,961
Dividends paid to NCI	1,160	2,485

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

Summarised statement of cash flows	31 December 2021	31 December 2020
Cash flows from operating activities	40,206	53,884
Cash flows from investing activities	9,545	11,931
Cash flows from financing activities	(49,987)	(65,584)
Net increase / (decrease) in cash and cash equivalents	**(236)**	**231**

There were no transactions with non-controlling interest during 2021 or 2020.

26 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations and is part of a single co-ordinated plan to dispose of. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the IFRS 5 criteria to be classified as held-for-sale or distribution.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

In the consolidated financial statements the Agrifood segment, represented by Abatorul Peris SA, is presented as discontinued (2020: Grains and Silo, Milk, investment property held for sale – Agriland, which were all disposed of before 31 December 2020).

In 2021 the Group decided to spin-off its Agrifood segment represented by its subsidiary Abatorul Peris SA, which will be transferred to a new holding entity with the same shareholding structure as Agricover Holding. Among the main factors considered were:

- the agrifood business of Abatorul Peris (i.e. pork meat processing) is different when compared to the businesses of the rest of the Group (i.e. sale and financing of agricultural inputs), without reasonable 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 and was finalized in February 2022, when the investment was derecognised.

As a consequence of the above, the statement of Profit or loss for both financial periods 2021 and 2020 present the result of the Agrifood segment on one line related to discontinued operations in "Profit/(Loss) for the year from discontinued operations".

Notes to the Consolidated Financial Statements
Group structure

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

The results of discontinues operations during the two periods are detailed below:

	2021	2020	
	Abatorul Peris	Abatorul Peris	Other discontinued operations
Revenue	309,986	329,088	26,871
Cost of sales	(298,679)	(309,458)	(27,153)
Change in expected credit losses on trade and other receivables	-	(52)	72
Gross profit / (loss)	**11,307**	**19,579**	**(210)**
Administrative expenses	(15,074)	(12,303)	(93)
Other income	572	1,700	2
Other gains	-	81	116
Other losses	(272)	(705)	-
Net gains from fair value adjustments	-	-	2,884
Net gain from sale of subsidiary	-	-	2,678
Operating gain / (loss)	**(3,467)**	**8,352**	**5,375**
Finance income	51	17	-
Finance costs	(2,440)	(2,254)	(27)
Profit / (Loss) before tax	**(5,857)**	**6,115**	**5,348**
Income tax	727	1,100	(327)
Profit / (Loss) for the year from discontinued operations	**(5,130)**	**7,216**	**5,022**

Cash flows from discontinued operations were as follows:

	2021 (Abatorul Peris)	2020 (Abatorul Peris)
net operating cash outflows	967	13,432
net investing cash outflows	(12,872)	(14,621)
net financing cash inflows	7,668	1,544

Key managament compensations during 2021 for the Agrifood segment are in amount of RON 2,321 thousand (2020: RON 1,476 thousand).

The following assets and liabilities were reclassified as held for distribution in relation to the discontinued operations:

	31 December 2021	31 December 2020
Property, plant and equipment	80,868	-
Right of use assets	5,576	
Intangible assets	982	-
Other non-current assets	184	-
Inventories	9,273	-
Trade and other receivables	9,199	-
Cash and cash equivalents	912	-
Total assets held for distribution	**106,994**	-

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

The following assets and liabilities were reclassified as held for distribution in relation to the discontinued operations:

	31 December 2021	31 December 2020
Total assets held for distribution	**106,994**	-
Long-term borrowings	26,884	-
Net deferred tax liability	398	-
Trade and other payables	37,851	-
Current portion of long-term borrowings	19,310	-
Other liabilities	89	-
Total liabilities directly associated with assets held for distribution	**84,532**	-

Significant estimate – fair value of assets and liabilities reclassified as held for distribution

As of 31 December 2021, the Group's management contracted an external, independent property appraiser for the valuation of the buildings and special constructions of Abatorul Peris, operating segment discontinued by the Group in May 2021. The appraiser has relevant recognised professional qualifications and recent experience in the location and category of the property being valued. The method applied by the appraiser was the replacement cost, meaning the amount of money required to replace an existing asset with an equally valued or similar asset at the current market price.

Following the classification of Abatorul Peris as discontinued operation the Group did not recognise the valuation impact in the consolidated financial statements. Starting 1st of June 2021 for the purposes of these consolidated financial statements the Group stopped the depreciation of the related property, plant and equipment, right of use assets and the amortisation of the intangible assets of Abatorul Peris. For the period June to December 2021 the depreciation and amortization expenses not recognised amounted to RON 5,000 thousands.

Trade receivables are mostly related to large international retailers, have a short term nature and are measured net of expected credit losses. Inventories are tested for impairment and measured at the lower of cost or net realisable value.

The demerger was finalized in February 2022, which is the date when control is lost and Abatorul Peris is no longer consolidated by 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 financial statements.

27 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 consolidated financial statements
Parent of the Group	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 consolidated financial statements; consequently, such related party transactions and outstanding balances between group members are not disclosed under IAS 24 in the consolidated financial statements. They are however disclosed in the separate financial statements of the Company.
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 consolidated or separate 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 2020: 87,269%). EBRD is the other major shareholder of the Company, owning 12.727% of its share capital (31 December 2020: 12.727%).

Key management compensation

During 2021 compensation granted to key management personnel amounts to RON 12,819 thousand (2020: RON 10,635 thousand). It represents short term benefits, including monthly salaries and performace bonuses. There are no other types of benefits granted by the Group to key management.

Notes to the Consolidated Financial Statements
Other information

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

Transactions with related parties

The following transactions were carried out with related parties during 2021 and 2020:

	Note	2021	2020
Sales to other related parties:		**15,779**	**19,227**
Sale of property plant and equipment		-	7,109
Sale of services		-	31
Sale of goods	4	15,779	12,087
Acquisitions from other related parties:		**51,292**	**43,030**
Purchase of services		124	2,396
Purchase of goods	6	51,168	40,634
Loans granted to other related parties			
Interest income	5	-	268

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:

	Note	2021	2020
Receivables from other related parties:			
Trade and other receivables	14	19,385	21,937
Payables to related parties:			
Trade and other payables	17	41,007	46,387

28 ASSETS PLEDGED AS SECURITY

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

	31 December 2021	31 December 2020
Current Assets:	**1,437,403**	**977,350**
Loans and receivables	1,226,885	847,715
Trade and other receivables	97,691	73,457
Inventories	112,827	56,188
Non-current assets:	**117,179**	**418,588**
Loans and receivables	117,179	418,588

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.

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

The carrying amounts of assets pledged as security for current and non-current borrowings related to discontinued operations (Abatorul Peris) are:

	31-Dec-21	31-Dec-20
Current Assets:	**13,726**	**12,407**
Trade and other receivables	6,303	12,407
Inventories	7,423	-
Non-current assets:	**67,606**	**59,743**
Property, plant and equipment	67,588	59,722
Intangible assets	18	21

29 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 31 December 2021, the Group has issued guarantee letters with expiry period within 1 year with a total nominal value of EUR 1,172 thousand (31 December 2020: EUR 525).

Revocable commitments

To meet the financial needs of customers, the Group enters into various revocable 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 note 10.i). As at 31 December 2021 the undrawn balance of the credit lines granted by the Group amounts to 185.5 million RON (31 December 2020: 191.86 miilion RON). All such commitments are revocable as it is not in the Group's practice to grant irrevocable loan commitments.

The Group's policy is to approve any withdrawals from credit lines formally, 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.

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 Agrifinance division. As a result, it is involved in various litigations and legal proceedings arising in the ordinary course of 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.

The COVID-19 pandemic created short-term disruptions and provoked long-term changes in how the world lives and does business. Russia's invasion of Ukraine is now doing the same (refer to Note 30).

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

Romania and EU implemented a wide range of programs to minimise the impact of the pandemic on the economic environment in general and on specific categories of individuals or legal persons. Such measures included certain types of moratoria related to payments of loan obligations by debtors. During 2020 the Group rescheduled the contractual payments for 21 customers under the legal requirements of the moratoria (total modified exposure amounts to 4,2 million RON for loans and advances backed by collaterals with adjusted fair value of 3 million RON). No other loans were modified in 2021. All loans modified under the requirements of the moratoria were recovered before 31 December 2021.

The COVID-19 pandemic accelerated online purchases and interactions at an unprecedented rate. To expand its digital footprint the Group invested in crop360 farm management platform, which was launched in November 2021 (refer to Note 23) together with an e-commerce platform for sale of agriculture inputs. Also in 2021 the Group started the developments of a self-care app where farmers can view and manage their financing relationship with Agricover Credit IFN, which is expected to be launched in the first half of 2022.

Overall, the Group adapted well to the challenges posed by the COVID-19 pandemic, which in 2020 were aggravated by a severe draught with significant impact on the yields of Romanian farmers. Nevertheless the Group was profitable in 2020 and increased its profit from continuing operations by 34% in 2021 as compared to the prior year. No other significant negative impacts of the COVID-19 pandemic were incurred by the Group or are expected in the foreseeable future.

30 EVENTS AFTER THE REPORTING PERIOD

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 are likely to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

On the inputs side, fertiliser prices had already doubled or tripled, depending on the type, even before the conflict. Commodity Markets Outlook report issued by World Bank in October 2021 highlights that the rally in energy prices, especially coal and natural gas, has sharply increased agricultural input costs, including fertilisers and crop protection products. High energy prices forced some chemical companies to halt or reduce production capacity. Surging natural gas prices in Europe resulted in widespread production cutbacks in ammonia—an important input for nitrogen fertilisers—while escalating thermal coal prices in China led to a rationing of electricity use in some provinces and forced fertiliser factories to cut production. Significant production facilities in Romania have interrupted their activity due to increased energy and gas prices.

In addition to the market turmoil created by surging commodity prices, China has announced the suspension of fertiliser exports until June 2022 to ensure domestic availability amid food security concerns. China's exports of DAP (diammonium phosphate) and urea account for approximately one-third and one-tenth of global trade, respectively. Adding to supply concerns, Russia announced restrictions on nitrogen and phosphate fertiliser exports for six months, effective December 1, 2021.

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 corn). In Ukraine the war is expected to result in lower yields and area planted. In Russia the risks are

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

economic sanctions, reluctance of traders to buy from a heavily sanctioned country and export restrictions imposed Russia itself.

After several poor harvests, frantic buying during the pandemic and supply-chain issues since, global stocks are 31% below the five-year average, according to an analysis of the Economist. Wheat prices, which were already close to 50% above their 2017-21 average in mid-February, have risen by another 25% since the invasion of Ukraine started.

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 Romanian 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. The negative impact of increased inputs prices on the farmers' profit is balanced by higher output prices and higher international demand for crops. 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 could strengthen the strategic importance of the Romanian agriculture and have a positive impact on its development. However, as in any conflict, uncertainty is high. It is unclear how the military situation and political contexts, including sanctions and countermeasures will evolve – in either shorter or longer term.

In view of all the above, as at the date these consolidated financial statements were authorised for issue, the situation in Ukraine and its consequences on the economic environment are extremely volatile and inherently uncertain. While the Group does not have a significant direct exposure on neither Ukraine, Belarus or the Russian Federation, given the ongoing and dynamic nature of the conflict and its repercussions on the global and regional economic environments, the management concluded that a reliable estimate of the financial impact on the Group cannot be presently made. Looking ahead, as main offerings of the Group (including financing, fertilisers and crop protection products) are becoming more and more valuable, 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 these consolidated financial statements were authorised for issue.

Appendix 2:

Agricover Distribution

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Independent Auditors' Report

To the Shareholders of Agricover S.A.

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Agricover SA ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including significant accounting policies and other explanatory information.

   The financial statements have been digitally signed with a qualified electronic signature on 7 April 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: 16, min: 46, sec: 14.

2. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by European Union (IFRS).

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards and regulations are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Romania and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

4. Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

5. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

6. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Auditors' Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Aura Giurcăneanu

GIURCANEANU AURA STEFANA

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, 27 April 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 SA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2021

Prepared in accordance with the
International Financial Reporting Standards
as adopted by European Union

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Statement of Financial Position
as at 31st of December

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

	Notes	2021	2020 restated (note 14)
ASSETS			
Non-current assets			
Property, plant and equipment	20	3,294	3,254
Right of use assets	19	9,893	11,543
Intangible assets	21	4,532	2,475
Other non-current receivables	11	7,424	18,827
Deferred income tax assets	6	998	-
Finance lease receivable		155	58
		26,296	**36,157**
Current assets			
Inventories	18	118,033	55,863
Finance lease receivable		458	922
Trade and other receivables	11	454,740	379,349
Other current assets	12	32,572	4,952
Cash and cash equivalents	13	447	682
		606,250	**441,768**
Total assets		**632,546**	**477,925**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	10,464	10,464
Revaluation reserves	8	994	994
Other reserves	8	7,112	4,740
Retained earnings		119,014	99,417
Total equity		**137,584**	**115,615**
Non-current liabilities			
Lease liabilities	19	4,783	5,252
Deferred tax liabilities	6	-	492
		4,783	**5,744**
Current liabilities			
Trade and other payables	16	412,025	286,767
Income tax liability		2,394	2,187
Borrowings	14	43,052	55,029
Lease liabilities	19	5,620	7,241
Contract liabilities	15	27,088	5,342
		490,179	**356,566**
Total liabilities		**494,962**	**362,310**
Total equity and liabilities		**632,546**	**477,925**

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31st of December

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

	Notes	2021	2020
Revenue	3	1,716,394	1,135,126
Cost of sales	5	(1,622,851)	(1,065,788)
Net credit losses on trade receivables	11	(5,519)	(3,771)
Gross profit		**88,024**	**65,567**
Administrative expenses	5	(25,639)	(21,419)
Other gains		1,717	1,482
Other operating expenses		(1,616)	(861)
Operating profit		**62,486**	**44,769**
Finance income	4	1,020	831
Finance costs	4	(18,935)	(11,531)
Net financial result		**(17,915)**	**(10,700)**
Profit before tax		**44,571**	**34,069**
Income tax expense	6	(5,894)	(4,207)
Profit for the year from continuing operations		**38,677**	**29,862**
Loss for the year from discontinued operations, net of tax		-	(259)
Profit for the year		**38,677**	**29,603**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**38,677**	**29,603**

Approved for issue and signed on behalf of the Board of Directors on 7 April 2022.

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

Daniela Dumitrache
Chief Financial Officer

Statement of Changes in Equity
for the year ended 31st of December

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

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
at 1 January 2021	10,464	994	4,740	99,417	115,615
Profit for the period	-	-	-	38,677	38,677
Total comprehensive income for the period	**-**	**-**	**-**	**38,677**	**38,677**
Dividends distribution	-	-	-	(16,708)	(16,708)
Other changes in equity	-	-	2,372	(2,372)	-
Total transactions with owners in their capacity as owners	**-**	**-**	**2,372**	**(19,080)**	**(16,708)**
Balance at 31 December 2021	**10,464**	**994**	**7,112**	**119,014**	**137,584**

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
at 1 January 2020	10,464	20,376	3,561	75,983	110,384
Profit for the period	-	-	-	29,603	29,603
Total comprehensive income for the period	**-**	**-**	**-**	**29,603**	**29,603**
Revaluation reserves realised	-	(19,382)	-	19,382	-
Dividends distribution	-	-	-	(24,372)	(24,372)
Other changes in equity	-	-	1,179	(1,179)	-
Total transactions with owners in their capacity as owners	**-**	**(19,382)**	**1,179**	**(6,169)**	**(24,372)**
Balance at 31 December 2020	**10,464**	**994**	**4,740**	**99,417**	**115,615**

Statement of Cash Flows
for the year ended 31st of December

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

	Notes	2021	2020
Cash flows from operating activities			
Profit for the period from continuing operations		38,677	29,862
Loss for the period from discontinued operations		-	(259)
Depreciation and amortization	5	7,926	6,756
Unrealized net foreign exchange differences		1,257	1,945
Impairment of receivables	11	5,519	3,699
(Gain) / Loss from write-down of inventories		369	(62)
(Gain) from the sale of tangible assets		(27)	(113)
Income tax	6	5,894	4,072
Interest income	4	(902)	(775)
Interest expense	4	2,140	3,080
Operating profit before changes in working capital		**60,853**	**48,205**
Changes in working capital			
Decrease in trade and other receivables	11	(108,692)	(24,722)
(Increase) / decrease in the inventories	18	(62,539)	1,898
Increase in trade and other payables	16	158,933	38,203
Cash used in operations		**48,555**	**63,584**
Interest paid		(2,074)	(3,080)
Interest received		902	775
Income tax paid		(7,176)	(7,395)
Cash from operating activities		**40,207**	**53,884**
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets	20,21	(3,487)	(2,921)
Proceeds from sale of Property, plant and equipment and Assets held for sale	20,21	11,577	13,462
Receipts from finance lease receivable		1,455	1,390
Cash generated from investing activities		**9,545**	**11,931**
Cash flows used in financing activities			
Proceeds from borrowings	14	5,560	7,477
Repayment of borrowings	14	(17,738)	(35,193)
Payments for the reduction of the lease liabilities	19	(7,915)	(6,857)
Factoring expenses paid	4	(14,231)	(7,369)
Dividend paid		(15,663)	(23,642)
Cash used in financing activities		**(49,987)**	**(65,584)**
Cash and cash equivalents at the beginning of the period	**13**	**682**	**451**
Increase/(decrease) in cash and cash equivalents		(235)	231
Cash and cash equivalents at the end of the period	**13**	**447**	**682**

Notes to the 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 Company and its structure as well as material accounting policy information that relate to the 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 included within the note referring to that specific item. Accounting policies relating to non-material items are not included in these financial statements.

1 GENERAL INFORMATION

Agricover SA ("the Company") is a Romanian company established in the year 2000, specialised in the distribution of advanced technological solutions (i.e. plant protection products, certified seeds, fertilisers 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 financial statements as at and for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Historical cost convention

These 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 material accounting policies applied in the preparation of these financial statements are set out below in the relevant Notes to these financial statements and have been consistently applied to all the periods presented, unless otherwise stated. The preparation of financial statements in accordance with IFRS requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant, are disclosed in the relevant Notes to these financial statements.

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.

Standards newly applicable for periods starting 1 January 2021

The following new and amended standards effective for periods starting January 1st, 2021, have been analysed by the Company and do not have a significant impact on the Company's financial statements.

- ***Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2***
  The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- ***Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)***
  These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

New IFRS standards effective after 1 January 2022

The Company has early adopted the narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. These amendments aim to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Accounting policy information is material if it is necessary for the users of the financial statements to understand other material information in the financial statements. Entity-specific information is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the IFRSs.

In implementing these amendments, the Company has considered accounting policy information as material to these financial statements if that information relates to material transactions, including:

- changes in accounting policies during the period,
- policies selected by the Company from one or more options permitted by IFRSs,
- policies developed in accordance with IAS 8 in the absence of an IFRS that specifically applies,
- policies related to an area for which the Company makes significant judgements in applying an accounting policy, and the Company discloses those judgements,
- complex policies where users of the financial statements would otherwise not understand material transactions, other events or conditions as applicable.

In preparing these financial statements, together with implementing the amendments to IAS, Practice statement 2 and IAS 8, the Company has considered the recommendations of the IASB as part of their Better Communication in Financial Reporting projects and has modified the structure of the financial statements by rearranging the notes and disclosures and by eliminating immaterial information in an effort to make the communication of relevant financial information more effective.

New IFRS standards effective for annual periods beginning after 1 January 2021 and not early adopted by the Company

A number of other new amendments to the standards are required to be applied for annual periods beginning after 1 January 2021 and that are available for early adoption in annual periods beginning on 1 January 2021. The Company has not early adopted the following new or amended standards in preparing these financial statements and are not expected to have a significant impact on the Company's financial statements when they will be adopted:

- ***Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions***
  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. Effective date: annual periods beginning on or after 1 April 2021.
- ***Amendments to IAS 1, Presentation of financial statements', on classification of liabilities***
  These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Effective date: deferred until accounting periods starting not earlier than 1 January 2024
- ***Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction***
  These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective date: annual periods beginning on or after 1 January 2023.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16:

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. Effective date: annual periods beginning on or after 1 January 2022.

(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 section covers 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. The section concludes with details about the Company's tax result in the year and current and deferred tax assets and liabilities held at the end of the period.

3 REVENUE

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

Sales with normal delivery

Revenue from sales with normal delivery is recognised when control of goods sold has transferred to the buyer, being when the goods are delivered. Revenue is measured at the fair value of the consideration received or receivable, net of commercial discounts, returns and value added taxes. Invoices are issued when goods exit the Company's warehouses. Depending on the customer's financial situation and existing relationships with the group, and on specific market conditions the Company may request total or partial advance payments collected based on pro-forma invoices.

Significant judgement - bill and hold arrangements

At the buyer's request, the Company enters into of 'bill and hold' arrangements, in which delivery is delayed but the buyer takes legal title and accepts billing. Revenue on such arrangements is recognised when control is transferred to the buyer, provided that:

- the reason for the 'bill and hold' arrangements is substantive (e.g. the farmer intends to secure the price and / or quantity of goods – seeds, fertilisers, crop protection – as needed at specific stages of the agricultural season but has limited storage capacity for immediate delivery);
- the product is identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the Company does not have the ability to use the product or to direct it to another customer

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 goods 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:

	31 December 2021	31 December 2020
Crop protection	234,344	187,559
Fertilizers	18,156	12,039
Certified Seeds	42,442	51,282
	294,942	**250,880**

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

Other revenue

Other revenue relates mainly to storage services in 'bill and hold' arrangements. Allocation of the consideration between sold goods and storage services is based on their standalone selling price.

Financing component

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Financing needs of the farmers are addressed by the Grup through its Agrifinance division. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Singificant estimate - variable consideration

A variable amount that is promised within a contract is included as consideration when measuring revenue. To this end, the Company estimates the amount of the consideration to which it will be entitled in exchange for transferring the promised goods to the customers. Recognition of such consideration is estimated at contract inception and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Variable consideration includes "*commercial discounts*", namely discounts granted by the Company for compliance with contractual payment terms. Commercial discounts result in the reduction of sales revenue earned during the period, and are booked at the time of sale according to an estimation. In making this estimation the management considers past collection patterns as well as information available to the commercial and risk teams of the Company, which are in close contact with significant customers. Considering prudent credit limits pre-approvals and most recent collection information, the management expects that significantly all commercial discounts promised will be granted.

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

	2021	**2020**
Revenue from goods sold		
Crop protection	474,530	355,744
Diesel oil	473,839	362,684
Fertilizers	554,351	232,707
Seeds	199,841	174,797
	1,702,561	**1,125,932**
Other revenue	13,833	9,194
Revenue	**1,716,394**	**1,135,126**

Comparatives for the year ended December 31, 2020 include include a reclassification of 7.9 million RON from „Revenue from goods sold" to „Other revenue". The reclassification consists of:

- 6.8 million RON revenue from transportation services, and
- 1.1 million RON revenue from storage services.

In addition, the correction led to a decrease of 0.2 million RON in both „Cost of sales" and „Revenue". The decrease represents revenue and costs related to the transportation services on open bill and hold arrangements, which will be recognized upon delivery, when the transporation service is provided.

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

4 NET FINANCIAL RESULT

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 of 2021 and 2020 are presented below:

	2021	2020
Interest Income	902	775
Other finance revenue	118	56
Finance Income	**1,020**	**831**
Interest Expense	(2,140)	(3,053)
Net FX losses	(2,555)	(1,108)
Factoring expense	(14,231)	(7,299)
Other finance expense	(9)	(71)
Finance Expense	**(18,935)**	**(11,531)**
Net Finance Result	**(17,915)**	**(10,700)**

Factoring commission – for the twelve months period ended 31 December 2021, the turnover of the invoices to which these commissions relate to are in amount of thousand Ron 179,862 (2020: thousand Ron 97,540).

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.

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

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

	2021	2020
Merchandise	(1,560,901)	(1,016,817)
Transportation expenses	(13,300)	(8,537)
Employees' cost	(45,391)	(37,502)
Third party services	(7,111)	(6,601)
Software expenses	(1,172)	(1,166)
Maintenance expense	(3,869)	(2,246)
Consumables' expense	(3,380)	(2,954)
Protocol and publicity expenses	(2,422)	(1,412)
Depreciation	(7,926)	(6,744)
Other	(3,018)	(3,228)
Total, *of which*	**(1,648,490)**	**(1,087,207)**
Cost of sales	(1,622,851)	(1,065,788)
Administrative expenses	(25,639)	(21,419)

6 CURRENT AND DEFERRED INCOME TAX

Current and deferred income tax charges are calculated on the basis of tax rates and the tax laws enacted or substantively enacted at the balance sheet date in Romania.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Significant Judgement – Income tax

Frequent modification of the tax laws applicable in Romania give rise to significant tax uncertainties including but not limited to the tax authorities interpretation of complex tax issues. Differences arising between the results of such interpretations and the assumptions made by the Company's management, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded, together with late payment interest and penalties. In Romania, tax periods remain open for 5 years.

One of the main sources of tax uncertainy related to transfer pricing. Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon written request of the Romanian tax authorities their transfer pricing documentation file. Notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments.

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and remeasures related liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities. The Company's management considers that the tax liabilities included in these consolidated financial statements are fairly stated, and is not aware of any circumstances which may give rise to a potential material liability in this respect.

Significant components of the income tax expense are presented below:

	2021	**2020**
Current tax	(7,384)	(5,376)
Deferred tax	1,490	1,169
Income tax expense, *of which:*	**(5,894)**	**(4,207)**
attributable to profit from continuing operations	(5,894)	(4,072)
attributable to profit from discontinued operations	-	(135)

The income tax rate applicable to the Company's taxable income in 2021 and 2020 is 16%. The reconciliations between the tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2021 and 31 December 2020 are as follows:

	2021	**2020**
Accounting profit before tax	44,571	33,675
Tax charge at the statutory tax rate of 16%	7,131	5,388
Tax effect on non-taxable income, *of which*:	***(5,258)***	***(2,729)***
Reversal of write-down of receivables	(2,703)	(333)
Reversal of write-down of inventories and other	(167)	(803)
Tax credit related to sponsorship	(1,278)	(856)
Other fiscal facilities	(1,110)	(737)
Tax effect on non-deductible expense, *of which*:	***4,021***	***1,413***
Write down of receivables	2,510	443
Inventory related losses and other	1,303	816
Sponsorship	208	154
Income tax expense	**5,894**	**4,072**
Effective tax rate	13.2%	12.1%

Notes to the Financial Statements
Financial performance

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

Significant components of deferred tax assets and liabilities as at 31 December 2021, including their movements during the year then ended, are presented below:

	1 January 2021			31 December 2021	
	Deferred tax assets	**Deferred tax liabilities**	**(Charged) / Credited to profit or loss**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	-	(789)	(53)	-	(842)
Expected credit losses	297	-	1,543	1,840	-
	297	**(789)**	**1,490**	**1,840**	**(842)**

Significant components of deferred tax assets and liabilities as at 31 December 2020, including their movements during the year then ended, are presented below:

	1 January 2020			31 December 2020	
	Deferred tax assets	**Deferred tax liabilities**	**(Charged) / Credited to profit or loss**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	-	(1,660)	871	-	(789)
Expected credit losses	-	-	298	297	-
	-	**(1,660)**	**1,168**	**297**	**(789)**

(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.

7 FINANCIAL RISKS MANAGEMENT

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

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, clients 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. Credit risk is the single largest financial risk for the Company's business. 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 31 December 2021 or 1 January 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 31 December 2021 was determined as follows for trade receivables:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.26	2.46	9.85	20.86	63.37	69.42	100	
Trade receivables	413,180	10,337	10,057	3,340	5,509	159	17,132	459,714
ECL	1,070	255	991	697	3,491	110	17,132	23,746

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

Comparative information as at 31 December 2020 is included below:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.18	2.19	9.70	11.32	21.81	48.06	97.21	
Trade receivables	342,818	6,756	2,919	6,737	10,173	217	31,001	400,621
ECL	610	148	283	762	2,218	104	30,135	34,260

The decrease in the allowance expected credit losses on trade and other receivables as at 31 December 2021 compared to 31 December 2020 is due to higher write-offs performed in the reporting period.

The loss allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

	2021 Trade receivables	2021 Other receivables	2020 Trade receivables	2020 Other receivables
Opening Balance	(34,260)	(5,970)	(31,648)	(5,872)
Amounts written off	16,033	5,407	990	-
Net Impairment charge	(5,519)	-	(3,602)	(98)
Closing Balance	**(23,746)**	**(563)**	**(34,260)**	**(5,970)**

Expected credit losses on trade and other receivables are presented as net credit losses, within gross profit.

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 oil) represent significant inputs in the manufacturing process of fertilisers and crop protection products, there is a high correlation between prices of most fertilisers 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 October 2021 highlights that the rally in energy prices, especially coal and natural gas, has sharply increased agricultural input costs, including fertilisers and crop protection products. High energy prices forced some chemical companies to halt or reduce production capacity. Surging natural gas prices in Europe resulted in widespread production cutbacks in ammonia—an important input for nitrogen fertilisers—while escalating thermal coal prices in China led to a rationing of electricity use in some provinces and forced fertiliser factories to cut production. Significant production facilities in Romania have also announced their intention to interrupt their activity due to increased energy and gas prices.

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

In addition to the market turmoil created by surging commodity prices, China has announced the suspension of fertiliser exports until June 2022 to ensure domestic availability amid food security concerns. China's exports of DAP (diammonium phosphate) and urea account for approximately one-third and one-tenth of global trade, respectively. Adding to supply concerns, Russia announced restrictions on nitrogen and phosphate fertilizer exports for six months, effective December 1, 2021.

In this context, during the second half of 2021 the local market experienced significant shortages in fertilisers and crop protection products. Such shortages are only expected to be exacerbated by export restrictions and geopolitical contexts. Our market position and financial stability allowed us to continue to serve our customers and build up stocks of both fertilisers and crop protection products in preparation for the 2022 spring agricultural campaigns (refer to Note 18 for details on the Company's fertilisers and crop protection products inventory levels). As part of their risk mitigation strategies, a significant number of our customers chose to secure their purchases by placing firm acquisition orders backed by prepayments (refer to Note 12 for details on advances received from customers).

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:

	31 December 2021		**31 December 2020**	
	EUR	**USD**	**EUR**	**USD**
Assets				
Cash and bank balances	43	23	25	23
Trade and other receivables	177	-	221	71
Total assets	**220**	**23**	**246**	**94**
Liabilities				
Borrowings	179	-	10,913	-
Trade and other payables	49,995	23,050	24,559	8,018
Total Liabilities	**50,174**	**23,050**	**35,472**	**8,018**
Net financial position	**(49,954)**	**(23,027)**	**(35,226)**	**(7,924)**

(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 sensitivities are calculated by applying the changes in the exchange rates to the above net financial position.

	2021 **EUR strengthening by 3.4%**	**2020** **EUR strengthening by 2.5%**
Gain / (loss) before tax of:	(1,680)	(881)
Equity	(1,411)	(740)

	2021 **USD strengthening by 3.4%**	**2020** **USD strengthening by 2.5%**
Gain / (loss) before tax of:	(774)	(198)
Equity	(650)	(166)

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 31 December 2021 are floating rate.

The Company's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates. The exposure of the Company to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows (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**
Other non-current receivables	-	-	-	7,424	7,424
Trade and other receivables	23,505	15,309	415,926	-	454,740
Cash and cash equivalents	447	-	-	-	447
Total financial assets	**23,952**	**15,309**	**415,926**	**7,424**	**462,610**
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	**(77,412)**	**(15,146)**	**92,667**	**7,424**	**7,533**

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

Comparative information as at 31 December 2020 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Other non-current receivables	-	-	-	18,827	18,827
Trade and other receivables	26,896	8,354	344,099	-	379,349
Cash and cash equivalents	682	-	-	-	682
Total financial assets	**27,578**	**8,354**	**344,099**	**18,827**	**398,858**
Bank borrowings	55,029	-	-	-	55,029
Trade and other payables	33,679	8,595	244,494	-	286,767
Total financial liabilities	**88,708**	**8,595**	**244,494**	**-**	**341,797**
Interest repricing gap	**(61,131)**	**(241)**	**99,605**	**18,827**	**57,061**

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.

	2021 Interest higher/lower by 1%	**2020** Interest higher/lower by 1%
Gain / (loss) before tax of:	(763)	(906)
Equity	(641)	(761)

iii. Liquidity Risk

Liquidity risk is defined as the risk that the Company does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core capital base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

The treasury department of the Company is responsible for working with operational and financial departments to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required.

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

Prudent liquidity risk management also implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Given to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under credit lines. The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2021	31 December 2020
Undrawn Uncommitted facilities, *of which:*	**155,528**	**183,857**
[expiring within one year]	155,528	168,857
[expiring beyond one year]	-	15,000
Total available undrawn facilities, *of which:*	**155,528**	**183,857**
[expiring within one year]	155,528	168,857
[expiring beyond one year]	-	15,000

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

Analysis of financial assets and liabilities

The Company manages its exposure to the liquidity risk using a maturity structure of its monetary assets and liabilities based on remaining contractual maturities of assets and liabilities with set payment terms and on expected cash flows for those assets or liabilities without specific maturities. The table below shows how the Company manages its liquidity risk by presenting the undiscounted cash flows of monetary assets and liabilities on time bands based on their contractual maturities. Some of the Company's borrowings are uncommited, including unconditional early call options in favour of the lender. Based on its history and relationships developed with its business partners, the Company concluded that exercising such options is highly unlikely, thus the early call options are not considered in the analysis below.

31 December 2021	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Other non-current receivables	-	-	7,424	-	7,424
Trade and other receivables	40,838	413,902	-	-	454,740
Finance lease receivables	323	134	143	13	613
Cash and cash equivalents	447	-	-	-	447
Expected inflows on assets	**41,608**	**414,036**	**7,567**	**13**	**463,224**
Bank borrowings	29,050	14,794	-	-	43,844
Finance lease liabilities	3,093	2,346	3,528	1,687	10,654
Trade and other payables	133,545	278,480	-	-	412,025
Expected outflows on liabilities	**165,688**	**295,620**	**3,528**	**1,687**	**466,523**
Net gap	**(124,081)**	**118,416**	**4,039**	**(1,674)**	**(3,300)**

Notes to the Financial Statements
Risk Management

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

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Other non-current receivables	-	-	17,030	1,797	18,827
Trade and other receivables	35,917	343,432	-	-	379,349
Finance lease receivables	548	374	58	-	980
Cash and cash equivalents	682	-	-	-	682
Expected inflows on assets	**37,147**	**343,807**	**17,088**	**1,797**	**399,838**
Bank borrowings	29,408	26,905	-	-	56,313
Lease liabilities	3,902	3,210	3,774	1,903	12,789
Trade and other payables	45,504	241,264	-	-	286,768
Expected outflows on liabilities	**78,813**	**271,380**	**3,774**	**1,903**	**355,870**
Net gap	**(41,667)**	**72,426**	**13,314**	**(106)**	**43,967**

Notes to the Financial Statements
Risk Management

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

The table below shows the undiscounted cash flows of its financial liabilities as at 31 December 2021. Repayments which are subject to notice are treated as if notice were to be given immediately.

31 December 2021	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Bank borrowings	43,845	-	-	-	43,845
Lease liabilities	3,093	2,346	3,528	1,687	10,654
Trade and other payables	133,545	278,480	-	-	412,025
Total	**180,483**	**280,826**	**3,528**	**1,687**	**466,524**

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Bank borrowings	56,313	-	-	-	56,313
Lease liabilities	3,902	3,211	3,774	1,903	12,790
Trade and other payables	45,504	241,264	-	-	286,768
Total	**105,719**	**244,475**	**3,774**	**1,903**	**355,870**

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

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

8 EQUITY

Issued share capital

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

Ordinary shared, issued and fully paid:	2021 thousand	2021 RON'000	2020 thousand	2020 RON'000
at 1 January	104,636	10,464	104,636	10,464
issued during the period	-	-	-	-
at 31 December, *of which owned by:*	**104,636**	**10,464**	**104,636**	**10,464**
Agricover Holding SA	90,641	9,064	90,641	9,064
Adama Agriculture B.V	10,464	1,046	10,464	1,046
Others	3,531	354	3,531	354

Ordinary shares have a par value of 0,1RON. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of the shares held. There are no other classes of equity instruments issued by the Company.

Reserves breakdowns

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in reserves during the year, including the revaluation reserve. A description of the nature and purpose of each reserve is provided below the table.

	Revaluation Reserve	Other reserves
at 1 January 2020	**20,376**	**3,561**
Revaluation reserves realised	(19,382)	-
Increase in other reserves	-	1,179
at 31 December 2020	**994**	**4,740**
Increase in other reserves	-	2,372
at 31 December 2021	**994**	**7,112**

Revaluation reserves

The property, plant and equipment revaluation reserves is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale or disposal of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings (refer to note 20 for details).

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

9 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, related accounting policies for recognising and measuring financial instruments as well as their fair values.

10 OVERVIEW OF FINANCIAL INSTRUMENTS

An overview of the financial instruments held by the Company is presented below:

	Note	31 December 2021	31 December 2020
Financial assets at amortised cost:		**462,164**	**398,176**
Trade and other receivables	11	454,740	379,349
Other non-current assets	11	7,424	18,827
Financial liabilities at amortised cost:		**451,942**	**341,057**
Borrowings	14	43,052	55,029
Trade and other payables	16	408,890	286,028

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

With the exception of trade receivables, at initial recognition the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within the agricultural season and are therefore all classified as current. Trade receivables do not contain significant financing components and are recognised initially at the amount of consideration that is unconditional.

Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, as described in note 7.i, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Classification and subsequent measurement

The Company applies IFRS 9 and classifies its financial assets at amortised cost.

Classification and subsequent measurement depend on:

i. the Company's business model for managing the asset – it reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of asset; and
ii. the cash flow characteristics of the asset – namely whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this

assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Company classifies all its financial assets at amortised cost. Cash and cash equivalents, trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI').

Expected credit losses

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its trade and other receivables and recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money where significant; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 7.i.

Classification of financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for derivatives held for risk management purposes which are not designated as part of a hedging relationship.

Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

11 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), however all maturities are within an agricultural season. Therefore all trade receivables all classified as current. Trade receivables 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 (refer to Note 3 for details around the measurement of the variable consideration represented by "commercial discounts").

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

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 7.i.

	31 December 2021	31 December 2020
Trade receivables	681,017	552,378
Expected commercial discounts (note 3)	(221,303)	(151,756)
Trade receivables net of expected discounts	**459,714**	**400,622**
Less: allowance for trade receivables	(23,746)	(34,260)
Trade receivables – net	**435,968**	**366,362**
Receivables from related parties (note 23)	20,235	23,300
Other receivables	6,524	14,484
Total other receivables	**26,759**	**37,784**
Less: allowance for other receivables	(563)	(5,970)
Total other receivables	**26,196**	**31,814**
Total, *of which:*	**462,164**	**398,176**
current portion	454,740	379,349
non-current portion, *of which:*	7,424	18,827
Receivables from related parties	4,687	13,535
Other receivables	2,737	5,292

Other receivables classified as at 31 December 2021 and as at 31 December 2020 as a non-current 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.

12 OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Advances for inventories	21,825	2,984
Right to returned goods	8,129	-
Prepayments	2,328	1,927
Advances to suppliers	290	41
Total other current assets	**32,572**	**4,952**

Advances for inventories

Increase in advances for inventories are determined by surging prices and shortages of fertilisers and crop protection products, mainly generated by rallies in commodities prices. To ensure supplies and build up inventory levels in preparation for the 2022 spring campaign we accepted to pay higher advances to selected suppliers (refer to note 7.ii.1 for commodities price risk details).

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

Right to returned goods

In accounting for the implicit right of return for products sold to customers, the Company recognises the “Right to returned goods” asset (with a corresponding adjustment to cost of sales) representing its right to recover the products when it settles the refund obligation (refer to Note 10 which includes detailed accounting policy for regonising an measuring the right of return).

13 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

As at 31 December 2021 and 31 December 2020 Cash and cash equivalents presented in the Statement of financial position and in the Statement of cash flows are represented by current accounts held with highly reputable local banks.

14 BORROWINGS

	31 December 2021	31 December 2020 restated
Current		
Local bank borrowings	43,052	55,029
Total current borrowings	**43,052**	**55,029**
Total borrowings	**43,052**	**55,029**

Correction of prior period error

The Company reclassified bank borrowings amounting to 15 million RON presented at 31 December 2020 in non-current liabilities to current liabilities to account for the uncommitted nature of the respective financing agreements. It is the Company’s practice to roll-over its main financing facilities as they become due, with the objective of optimising both the sources and the cost of its debt.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	31 December 2020 as previously reported	Increase / (decrease)	31 December 2020 restated
Non-current			
Bank borrowings	15,000	(15,000)	-
Total non-current borrowings	**15,000**	**(15,000)**	**-**
Current			
Bank borrowings	40,029	15,000	55,029
Total current borrowings	**40,029**	**15,000**	**55,029**
Total borrowings	**55,029**	**-**	**55,029**

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

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. The carrying amounts of assets pledged as security are disclosed in note 22.

Compliance with covenants

Under the terms of its major borrowing facilities and of its engagements took under the prospectus of the bonds issued by its Parent, the Company is required to comply with certain financial covenants. The following covenants are computed taking into consideration only the continuing activities of the Company for both reporting periods.

The management closely monitors the levels of such covenants, as follows:

#	Covenant	Reference/ Note	31 December 2021	31 December 2020
=A/B	**Current ratio**		**1.24**	**1.24**
A	Current assets	SOFP*	606,250	441,768
B	Current liabilities	SOFP	490,179	356,566
=(C+D)/E	**Short-term borrowing ratio**		**2.84%**	**5.49%**
C	Short Term Borrowing	14	43,052	55,029
D	Current lease liability	19	5,620	7,241
E	Net Turnover	3	1,716,394	1,135,126
=(F+G-H)/K	**Debt ratio**		**0.75**	**1.30**
F	Borrowings	14	43,052	55,029
G	Lease liability	19	10,403	12,493
H	Cash and cash equivalents	SOFP	447	682
K=I+J	EBITDA		70,412	51,513
I	Operating profit	SOCI*	62,486	44,769
J	Depreciation	5	7,926	6,744
=K/L	**EBITDA Interest coverage**		**32.90**	**16.87**
L	Interest expense	4	2,140	3,053
=M/N	**Gearing ratio**		**0.39**	**0.58**
M=F+G	Total Debt		53,455	67,522
F	Borrowings	14	43,052	55,029
G	Lease liability	19	10,403	12,493
N	Total equity	SOFP	137,584	115,615

* SOFP – Statement of Financial Position as included in these financial statements.
* SOCI – Stamente of Profit or Loss and Other Comprehensive Income

The Company has complied with all financial covenants imposed by its borrowing facilities during 2021 and 2020 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 Company's liabilities as arising from its financing activities are presented here:

	2021		2020	
	Borrowings	Lease liability (note 19)	Borrowings	Lease liability (note 19)
at 1 January	**55,029**	**12,493**	**82,478**	**16,658**
Withdrawals	5,560	-	7,477	-
new contracts	-	5,698	-	2,565
Repayments	(17,738)	(7,915)	(35,193)	(6,857)
interest accrued in the period	1,838	236	2,805	275
interest paid	(1,838)	(236)	(2,805)	(275)
foreign exchange rate effect	201	126	267	127
at 31 December	**43,052**	**10,402**	**55,029**	**12,493**

15 CONTRACT LIABILITIES

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e. transfers control of the related goods or services to the customer).

	31 December 2021	31 December 2020
Advances from customers	26,454	4,883
Deferred revenues	634	459
Total	**27,088**	**5,342**

Increase in advances from customers are determined by surging prices and shortages of fertilisers and crop protection products, mainly generated by rallies in commodities prices. To mitigate price and availability risk farmers chose to secure their acquisitions by placing firm orders backed by prepayments (refer to note 7.ii.1 for commodities price risk details).

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

16 TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Trade payables	394,995	287,572
Expected commercial discounts	(56,705)	(55,771)
Trade payables net of expected discounts	**338,290**	**231,801**
Payables to related parties (note 23)	45,142	46,095
Fixed assets suppliers	371	16
Refund liability	10,459	-
Dividends payable	2,119	1,075
Salaries and related taxes	12,509	7,041
Total other payables	**70,600**	**54,227**
Total	**408,890**	**286,028**
Other non-financial liabilities		
VAT payable	2,781	660
Other current liabilities	354	79
	3,135	**739**
Total trade and other payables	**412,025**	**286,767**

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.

Singificant estimate – expected commercial discounts

The Company receives from its suppliers discounts for compliance with contractual payment terms (similar discounts are offered by the Company to its customers – refer to Note 3 for details). Such commercial or settlement discounts received are deducted from the cost of inventories to the extent that it is probable that they will take effect. In its estimation of the such probabilities the management considers past patterns as well as new information available to the treasury and risk teams of the Company. Considering the solid financial position and liquidity of the Company, substantially all commercial invoices in 2021 and 2020 were settled within the payment terms agreed with the suppliers.

Refund liability

The Company does not grant explicit rights of return for the products it sells. Implied return rights can arise from statements or promises made to customers during the sales process, statutory requirements, or our desire to mitigate the risk of customer dissatisfaction.

A right of return is not a separate performance obligation for the purpose of revenue recognition, but it affects the estimated transaction price for transferred goods. Revenue is only recognised for those goods that are not expected to be returned. The Company estimates the amount it expect to repay or credit customers using the expected value method, by considering the returns accepted in the previous two financial years and the respective turnover in the reporting period. Specific conditions related to certain customers, products, promotional campaigns or similar are considered separately in assessing the right of return liability. Following this estimation process the Company assessed that it is highly probable that there will not be a significant reversal of revenue if the estimate of expected returns changes.

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

In accounting for its implicit rights of return, a refund liability (with a corresponding adjustment to revenue) and an asset (with a corresponding adjustment to cost of sales) representing its right to recover the products from the customer are recognised.

The refund liability represents the amount of consideration that the Company expects to refund to its customers. The refund liability is remeasured at each reporting date to reflect changes in the estimate of returns, with a corresponding adjustment to revenue. The asset represents the Company's right to receive goods (inventory) back from the customers when it settles the refund obligation. The asset is initially measured at the carrying amount of the goods at the time of sale, less any expected costs to recover the goods and any expected reduction in value. The returns asset is presented separately from the refund liability (refer to Note 12). The amount recorded as an asset is updated for changes in the refund liability and for other changes in circumstances that might suggest an impairment of the asset.

17 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).

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 interest rates from borrowings contracted by the Company in 2021, is classified in level 2 of the fair value hierarchy, and is presented below:

	31 December 2021	**31 December 2020**
Carrying value	7,424	18,827
Fair value	7,367	18,622

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.

(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 (note 18);
- Leases (note 19);
- Property, plant and equipment (note 20);
- Intangible assets (note 21);

and related material accounting information, judgement and estimates.

18 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts (refer to Note 16). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

	31 December 2021	**31 December 2020**
Certified seeds	2,425	2,835
Fertiliser	46,799	11,834
Crop protection	68,392	40,652
Total carrying amount of goods purchased for resale	**117,616**	**55,321**
Packaging, spare parts and other consumables	417	542
Total	**118,033**	**55,863**

Increase in inventories of fertilisers and crop protection products is driven by the turmoil and shortages on these markets. Given surges of commodities prices, which represent a significant input in the production of both fertilisers and crop protection products local and global production facilities have ceased or interrupted their activities. In this context the Company decided to timely secure inventories needed to meet the local demand for the 2022 spring campaign (refer to Note 7.ii.1 for further details around commodities price risk).

19 LEASES

The Company leases various offices, warehouses, equipment and vehicles. The Company acts as a lessee in all its significant leasing agreements. This note details the accounting policy applied by the Company as a lessee, related significant estimates and impact of leases on the Company's financial position, performance and cash flows.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date and subsequently updated based on the index or rate

valid at each reporting period;

- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option; and
- payments to be made under reasonably certain extension options.

Contracts to lease buildings and vehicles include non-lease components, such as repair and maintenance, security or management services. Prices of non-lease components are clearly stated in all significant lease agreements of the Company and the management is satisfied that such prices are representatiave of the standalone selling prices for similar services. The Company separates lease and non-lease components.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the lessee and not by the respective lessor. Lease contracts of the Company do not include purchase options. Right of use assets are depreciated over the shortest of the asset's useful life or the lease term (which is impacted by reasonably certain prolongation or early termination options available to the Company).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

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

Significant estimate – discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses as a starting point:

- where possible, recent third-party financing received by the individual lessee; or
- interest rates obtained by the lessee from various external financing sources.

Management then makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Significant inputs used by the Company in measuring lease liabilities and right of use assets are details below:

	Buildings		**Vehicles**	
	2021	**2020**	**2021**	**2020**
Weighted average incremental borrowing rate	1.95%	1.95%	2.85%	2.85%
Weighted average residual lease term	2.46	2.46	1.81	1.81
Weighted average lease term at recognition	2.10	2.10	1.57	1.57

The Company has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The balance sheet shows the following amounts relating to leases:

	31 December 2021	**31 December 2020**
Right of use assets		
Buildings	3,382	5,240
Vehicles	6,440	6,214
Equipment	71	89
	9,893	**11,543**
Lease liabilities		
Current	5,620	7,241
Non-current	4,783	5,252
	10,403	**12,493**

Lease liabilities

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

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

Right of use assets

The reconciliation of opening and closing right of use assets for 2021 is presented below:

	Buildings	Equipment	Vehicles	Total
As at 01 January	5,240	89	6,214	11,543
Additions	793	-	3,914	4,707
Depreciation	(2,651)	(18)	(3,688)	(6,357)
As at 31 December	**3,382**	**71**	**6,440**	**9,893**

Comparative information for 2020 is presented below:

	Buildings	Equipment	Vehicles	Total
As at 01 January	7,031	570	6,868	14,469
Additions	639	-	1,926	2,565
Depreciation	(2,430)	(481)	(2,580)	(5,491)
As at 31 December	**5,240**	**89**	**6,214**	**11,543**

The statement of profit or loss shows the following amounts relating to leases:

	Note	2021	2020
Depreciation charge for right of use assets:			
Buildings		(2,651)	(2,430)
Equipment		(18)	(481)
Vehicles		(3,688)	(2,580)
	5	**(6,357)**	**(5,491)**
Interest expense (included in interest cost)	4	236	275

The total cash outflow for leases in 2021 was thousand RON 7,915 (2020: thousan RON 6,857).

20 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Most recent valuation of land and buildings was performed at 31 December 2019.

A revaluation surplus is credited to reserves in shareholders' equity. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be debited to reserves in shareholders' equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.All other property, plant and equipment is recognised at historical cost less depreciation. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- Buildings 16 to 28 years
- Buildings improvements in line with lease agreement period
- Vehicles and machinery 3 to 10 years
- Furniture and equipment 3 to 12 years

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

Furniture, fittings and equipment include leasehold improvements which are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The reconciliation of the carrying amount of each significant class of property plant and equipment is presented below:

	Land and buildings	Vehicles and machinery	Furniture and equipment	Construction in progress	Total
Gross book value	1,764	2,099	1,763	17	5,643
Accumulated depreciation	(713)	(995)	(681)	-	(2,390)
Net book value at 1 January 2021	**1,051**	**1,104**	**1,083**	**17**	**3,254**
Additions	83	515	175	-	773
Disposals at cost	(15)	(68)	(74)	-	(157)
Depreciation charge	(140)	(368)	(224)	-	(733)
Depreciation of disposals	15	68	74	-	157
Transfers	-	-	17	(17)	-
Net book value at 31 December 2021	**994**	**1,251**	**1,050**	**-**	**3,294**
Gross book value	1,832	2,546	1,881	-	6,259
Accumulated depreciation	(838)	(1,295)	(831)	-	(2,965)

Comparative information for 2020 is included below:

	Land and buildings	Vehicles and machinery	Furniture and equipment	Construction in progress	Total
Gross book value	1,775	1,380	1,659	203	5,017
Accumulated depreciation	(369)	(931)	(476)	-	(1,776)
Impairment	(4)	(3)	-	-	(7)
Net book value at 1 January 2020	**1,402**	**446**	**1,182**	**203**	**3,234**
Additions	56	945	111	-	1,112
Disposals at cost	(3)	(226)	(7)	(186)	(422)
Depreciation charge	(341)	(257)	(205)	-	(803)
Depreciation of disposals	-	196	-	-	196
Transfer to assets held for distribution:					
Gross book value	(63)	-	-	-	(63)
Accumulated depreciation	-	-	-	-	-
Net book value at 31 December 2020	**1,051**	**1,104**	**1,082**	**17**	**3,254**
Gross book value	1,764	2,099	1,763	17	5,644
Accumulated depreciation	(713)	(995)	(681)	-	(2,390)

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

21 INTANGIBLES

Intangibles of the Company are represented by software licences acquired. The Company has no intangibles with indefinite useful life. Licenses are recognised at historical cost less amortisation and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Amortisation for software licences is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives of 3 to 5 years.

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

	2021 Software licences	**2020 Software licences**
Gross book value	10,065	8,353
Accumulated amortisation	(7,590)	(7,132)
Net book value at 1 January	**2,475**	**1,221**
Additions	3,013	1,720
Disposals	(122)	(7)
Accumulated amortisation of disposals	2	5
Amortisation charge	(836)	(464)
Net book value at 31 December	**4,532**	**2,475**
Gross book value	12,956	10,066
Accumulated amortisation	(8,424)	(7,591)

Main additions of licenses are represented by the implementation of SAP 4Hana and the migration to the updated version of SAP starting January 2021.

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

This section provides information on how the Company structure affects the financial position and performance of the Company as a whole. In particular, there is information about changes to the structure that occurred during the year as a result of the distribution of a discontinued operation.

22 DISCONTINUED OPERATIONS

The Company had no discontinued operations active during the reporting period ended 31 December 2021. The loss from discontinued operations in the comparatives relates to a) Grains and Silos, and b) Milk lines of business, which were discontinued in 2020. The significant components of that loss are presented below:

	2021	**2020**
Revenue	-	26,596
Cost of sales	-	(27,153)
Change in expected credit losses on trade and other receivables	-	72
Gross loss	**-**	**(485)**
Other income	-	1
Other gains	-	116
Operating loss	**-**	**(368)**
Finance income	-	-
Finance costs	-	(26)
Loss before tax	**-**	**(394)**
Income tax	-	135
Loss for the year from discontinued operations	**-**	**(259)**

Notes to the 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.

23 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 2020: 87,269%).

Key management compensation

During 2021 compensation granted to key management personnel amounts to RON 4,473 (2020: RON 3,710). It represents short term benefits, including monthly salaries and performace bonuses. There are no other types of benefits or commitments granted by the Company to key management.

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

Transactions with related parties

The following transactions were carried out with related parties during 2021 and 2020:

	2021	2020
Sales to other related parties:	**15,788**	**19,253**
Sale of property plant and equipment	9	7,109
Sale of services	-	44
Sale of goods	15,779	12,100
Rent revenue from other related parties	1,429	1,120
Acquisitions from other related parties:	**54,841**	**43,620**
Purchase of services	3,673	2,693
Purchase of goods	51,168	40,927
Financial expenses with other related parties	14,231	7,299
Interest income from other related parties	-	185

During 2021 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 1,698 (2020: nil).

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 3,511 in 2021 (2020 : thousand RON 4,374).

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:

	Note	2021	2020
Receivables from other related parties:			
Trade and other receivables	11	20,848	24,329
Payables to related parties:			
Trade and other payables	16	47,261	47,169

24 ASSETS PLEDGED AS SECURITY

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

	Note	31 December 2021	31 December 2020
Current Assets:			
Trade and other receivables	11	97,691	73,457
Inventories	18	112,827	56,188

Pledges on inventories are periodically renewed to include the value of all inventories as at each specific renewal date. In the table above the Company 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 Company's access to such inventories or its right to sell pledged inventories in the normal course of the business.

25 COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

Letters of credit and guarantees (including standby letters of credit) commit the Company 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 31 December 2021, the Company has issued guarantee letters with expiry period within 1 year with a total nominal value of thousand EUR 1,161 (31 December 2020: thousand EUR 517).

26 EVENTS AFTER THE REPORTING PERIOD

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 are likely to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

On the inputs side, fertiliser prices had already doubled or tripled, depending on the type, even before the conflict, as described in Note 7.i.ii.1.

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 corn). In Ukraine the war is expected to result in lower yields and area planted. In Russia the risks are economic sanctions, reluctance of traders to buy from a heavily sanctioned country and export restrictions imposed Russia itself.

After several poor harvests, frantic buying during the pandemic and supply-chain issues since, global stocks are 31% below the five-year average, according to an analysis of the Economist. Wheat prices, which were already close to 50% above their 2017-21 average in mid-February, have risen by another 25% since the invasion of Ukraine started.

The destabilization of the agribusiness sectors in both Ukraine and Russia could strengthen the strategic importance of the Romanian agriculture and have a positive impact on its development. However, as in any conflict, uncertainty is high. It is unclear how the military situation and political contexts, including sanctions and countermeasures will evolve – in either shorter or longer term.

In view of all the above, as at the date these financial statements were authorised for issue, the situation in Ukraine and its consequences on the economic environment are extremely volatile and inherently uncertain. While the Company does not have a significant direct exposure on neither Ukraine or the Russian Federation, given the ongoing and dynamic nature of the conflict and its repercussions on the global and regional economic environments, the management concluded that a reliable estimate of the financial impact on the Company cannot be presently made. Looking ahead, as main offerings of the Company (including fertilisers and crop protection products) are becoming more and more valuable, the management will continue to focus on ensuring their availability for local farmers. Main projects and investments initiated by the Company are continuing without any major disruptions as at the date of these financial statements were authorized for issue.

Appendix 3:

Agricover Credit

KPMG Audit SRL
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Independent Auditors' Report

To the Shareholders of Agricover Credit IFN S.A.

1B Pipera Blvd, Voluntari, Ilfov, Romania
Unique Registration Code: 22940237

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Agricover Credit IFN S.A. ("the Company") and of its subsidiary, Clubul Fermierilor Romani Broker de Asigurare S.R.L. (hereinafter referred to as „the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policy information and other explanatory information.

2. The consolidated financial statements as at and for the year ended 31 December 2021 are identified as follows:

• Total equity:	Lei 398,929 thousand
• Profit for the year:	Lei 56,857 thousand

3. The consolidated financial statements have been signed with a qualified electronic signature by Mr. Stefan Doru Bucataru, permanent representant of Veldster INC, in his capacity of Administrator, on Year: 2022, Month: April, Day: 7 Hour: 17, Min: 51, Sec: 06 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: April, Day: 7 Hour: 17, Min: 28, Sec: 08.

4. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

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Basis for Opinion

5. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

As at 31 December 2021, the consolidated financial statements include gross loans and advances to customers of RON 1,998,009 thousand, related impairment allowances of RON 54,529 thousand and, for the year then ended, net credit losses on loans and advances to customers recognized in the consolidated statement of profit or loss and other comprehensive income of RON 3,325 thousand (31 December 2020: loans and advances to customers: RON 1,694,692 thousand, related impairment allowances: RON 51,400 thousand, net credit losses on loans and advances to customers recognized in the consolidated statement of profit or loss and other comprehensive income for the year then ended: RON 20,428 thousand).

See Notes 4 Net credit losses on financial assets, 8 Financial risks management, 11 Overview of financial instruments to the consolidated financial statements.

The key audit matter	**How the matter was addressed in our audit**
Impairment allowances represent management's best estimate of the expected credit losses ("ECLs") within loans and advances to customers (collectively, "loans", "exposures") at amortized cost at the reporting date. We focused on this area as the measurement of impairment allowances requires management to make complex and subjective judgements and assumptions while estimating the amount of any such impairment. Pursuant to the relevant standard, IFRS 9 "Financial instruments" ("IFRS 9"), loans are allocated into one of three stages for the purposes of estimating the loss allowances. Impairment allowances for the performing exposures (Stage 1 and Stage 2 in the IFRS 9 hierarchy) are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account	Our audit procedures in the area, performed where applicable, assisted by our own valuation and financial risk management specialists, included, among others: • Inspecting the Group's ECL impairment methods and models, and assessing their compliance with the relevant requirements of the financial reporting standards. This included challenging management on whether the level of the methodology's sophistication is appropriate based on an assessment of portfolio-level factors; • Assessing the design, implementation and operating effectiveness of selected controls within the Group's lending process. This included in particular testing the controls over: (i) completeness and accuracy of input data

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historical experience, identification of exposures with a significant increase in credit risk ("SICR"), identification of restructured exposures, and forward-looking information, among other things (together "collective impairment allowance").

For Stage 3 exposures, impairment allowances are determined on an individual basis, by means of a discounted cash flows analysis. The process relies on a number of complex assumptions, in particular those in respect of the expected proceeds from the sale of the related collateral and minimum period for collateral disposal.

In the wake of the inflationary pressure and potential customer supply-chain shortages, i.e. the conditions affecting a significant number of the Group's customers in the current year, measurement of ECLs was associated with additional complexities and an increased estimation uncertainty.

In the light of the above factors, we considered the expected credit losses in relation to loans and advances to customers to be associated with a significant risk of material misstatement in the consolidated financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.

(mainly for loan exposure and interest rate data),

(ii) approval of loans;

- On a sample basis, evaluating relevance and reliability of data used in the impairment allowance estimates, such as that for loan exposures, days past due, recoverable values of underlying collaterals, whether or not recovery procedures have been initiated against the debtors and restructuring status;
- Evaluating the consistency of application of the SICR criteria and of the identification of objective evidence of impairment (default), and also, for a sample of exposures, independent assessment of the appropriateness of the loans' classification into the Stages;
- For collective impairment allowance:
  - Evaluating the relevant forward-looking information and macroeconomic projections used in the ECL assessment by means of corroborating inquiries of the selected executive directors and inspecting publicly available information;
  - Challenging the PD, EAD and LGD parameters used in the collective ECL model, by reference to the supporting documentation, debt service status, repayment schedules, restructuring operations and underlying data for collections occurring after default;
  - Challenging any material post-model adjustments, by evaluating the method applied, key underlying assumptions and tracing key data used back to its source. As part of this procedure, we assessed the appropriateness of the Group's treatment of the impact of the inflationary pressure and the supply-chain shortages have on customers from a SICR perspective;
  - Considering the outcome of the preceding procedures, testing the application of the ECL model through independently reperforming the Group's ECL model calculations and tracing the amounts recognized to the consolidated financial statements;
- For impairment allowances calculated individually, for a sample of loans, challenging key assumptions applied in the estimates of future cash flows used in the impairment estimate, such as discount rates, collateral values and recovery period, where relevant, and performing independent recalculations. Also recomputing the amounts of ECLs at the reporting date.

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	• Examining whether the loan impairment and credit risk-related disclosures in the consolidated financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other information – Consolidated Directors' Report ("Consolidated Board of Directors' Report")

7. The Board of Directors is responsible for the preparation and presentation of other information. The other information comprises the consolidated Board of Directors' Report (Romanian version), but does not include the consolidated financial statements and our auditors' report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   With respect to the consolidated Board of Directors' Report (Romanian version) we read and report whether the consolidated Board of Directors' Report (Romanian version) is prepared, in all material respects, in accordance with NBR Order no. 6/2015, article 234 of the accounting regulations in accordance with European Directives. Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion:

   a) The information given in the consolidated Board of Directors' Report (Romanian version) for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;

   b) The consolidated Board of Directors' Report (Romanian version) has been prepared, in all material respects, in accordance with NBR Order no. 6/2015, article 234 of the accounting regulations in accordance with European Directives.

   In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the consolidated Board of Directors' Report (Romanian version). We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibility for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

16. We were appointed by the General Shareholders' Meeting on 9 July 2020 to audit the consolidated financial statements of Agricover Credit IFN S.A. for the year ended 31 December 2021. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2020 to 31 December 2021.

17. We confirm that:

    - our audit opinion is consistent with the additional report presented to the Audit Committee of the Group, which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the audited entity in conducting the audit.
    - we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

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

SERBAN VALENTIN

VSerban

registered in the electronic public register of financial auditors and audit firms under no AF5154

KPMG Audit SRL

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

Bucharest, 27 April 2022

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: ȘERBAN 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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2021

Prepared in accordance with the
International Financial Reporting Standards
as adopted by European Union

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
as at 31st of December

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

	Note	2021	2020
Interest income		178,477	177,772
Interest and similar expenses		(61,533)	(66,563)
Net interest income	3	**116,944**	**111,209**
Net credit losses on financial assets	4,8	(3,546)	(20,585)
Net interest income after credit losses		**113,398**	**90,623**
Fee and commission income		7,490	4,742
Fee and commission expense		(259)	(3)
Net fee and commission income	5	**7,231**	**4,739**
Other operating income		682	40
General and administrative expenses	6	(46,230)	(38,566)
Other operating expenses	5	(4,508)	(3,870)
Net loss from derivative financial instruments		(1,137)	(1,892)
Net foreign exchange translation result		(3,735)	(2,502)
Profit before taxes		**65,700**	**48,573**
Income tax expenses	7	(8,842)	(6,463)
Profit for the year		**56,857**	**42,110**
Other comprehensive income for the year		-	-
Total Comprehensive income for the year		**56,857**	**42,110**
Profit attributable to:			
- Equity holders of the company		55,633	41,972
- Non controlling interest		1,224	138
Profit for the year		**56,857**	**42,110**
Total comprehensive income attributable to:			
- Equity holders of the company		55,633	41,972
- Non controlling interest		1,224	138
Total comprehensive income for the year		**56,857**	**42,110**

Consolidated Statement of Financial Position
as at 31st of December

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

	Note	2021	2020
Assets			
Cash and cash equivalents	12	90,699	87,237
Derivative assets held for risk management		116	-
Loans and advances to customers	8	1,943,480	1,643,270
Other financial assets		3,099	2,310
Other assets		2,040	1,624
Deferred tax assets	7	2,991	2,742
Intangible assets	18	5,718	1,615
Property, plant and equipment	16,17	3,958	5,072
Total Assets		**2,052,101**	**1,743,868**
Liabilities			
Derivative liabilities held for risk management	15	1,275	1,368
Borrowings	13	1,633,827	1,384,821
Other financial liabilities	14	16,269	14,739
Current tax liabilities		1,424	710
Provision for off balance sheet commitment		379	157
Total Liabilities		**1,653,174**	**1,401,796**
Equity			
Share capital	9	117,925	117,925
Retained earnings		261,119	208,790
Legal and other reserves		18,378	15,074
		397,422	**341,789**
Non-controlling interests		1,507	282
Total equity		**398,929**	**342,072**
Total equity and liabilities		**2,052,103**	**1,743,868**

Approved for issue and signed on behalf of the Board of Directors on 07.04.2022

Stefan Doru Bucataru permanent representat of Veldtster INC — Denisa Manoliu

Administrator — Chief Financial Officer

Consolidated Statement of Changes in Equity
for the year ended 31st of December

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

	Attributable to owners of Agricover Credit						
	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				55,633	55,633	1,224	**56,857**
Total comprehensive income for the period				**55,633**	**55,633**	**1,224**	**56,857**
Transfer to legal reserves		3,304		(3,304)			
Total transactions with owners in their capacity as owners		**3,304**		**52,329**	**55,633**	**1,224**	**56,857**
Balance at 31 December 2021	**117,925**	**17,440**	**938**	**261,119**	**397,422**	**1,507**	**398,929**

Consolidated Statement of Changes in Equity
for the year ended 31st of December

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

	Attributable to owners of Agricover Credit							
	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
at 1 January 2020	107,925		11,401	938	169,553	289,817	-	289,817
Profit for the period					41,972	41,972	138	42,110
Total comprehensive income for the period					**41,972**	**41,972**	**138**	**42,110**
Share capital increase	10,000					10,000		10,000
Transfer to legal reserves			2,734		(2,734)			
Issue of shares in subsidiary, with change in NCI							144	144
Total transactions with owners in their capacity as owners	**10,000**		**2,734**		**39,238**	**51,972**	**282**	**52,254**
Balance at 31 December 2020	**117,925**		**14,135**	**938**	**208,790**	**341,789**	**282**	**342,072**

Consolidated Statement of Cash Flows
for the year ended 31st of December

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

	Note	2021	2020
Operating activities			
Interest received		186,332	172,041
Interest paid		(55,613)	(66,642)
Brokerage fees cashed		6,832	4,570
Staff costs paid		(32,161)	(27,741)
Payments to suppliers		(15,569)	(13,456)
Other receivables cashed		(980)	(3,015)
Net disbursements of loans and advances to customers		(313,029)	(158,665)
Net cash flow used in operating activities before income tax		**(224,187)**	**(92,909)**
Income pax paid		(8,378)	(7,610)
Net cash flow used in operating activities		**(232,565)**	**(100,519)**
Investing activities			
Purchase of equipment and intangible assets		(4,729)	(1,855)
Net cash flow used in investing activities		**(4,729)**	**(1,855)**
Financing activities			
Issued capital		-	10,000
Withdrawals from borrowings		4,357,804	2,936,586
Repayment of borrowings		(4,116,853)	(2,834,270)
Net cash flows generated from financing activities		**240,951**	**112,317**
Exchange (losses) / gains on cash and cash equivalents		(195)	726
Net increase in cash and cash equivalents		3,463	10,668
Cash and cash equivalents at 1 January		87,237	76,568
Cash and cash equivalents at 31 December	**12**	**90,699**	**87,237**

(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 consolidated 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 included within the note referring to that specific item. Accounting policies relating to non-material items are not included in these financial statements.

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 31 December 2021 the Company owns 51% of the Subsidiary (31 December 2020: 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.

These consolidated financial statements comprise the Company and its subsidiary. The Company prepares its separate statutory financial statements in accordance with the provisions of the National Bank of Romania Order no. 6/2015 regarding the approval of accounting regulations aligned with European directives, with subsequent amendments and modifications. The Subsidiary prepares its statutory financial statements in accordance with the provisions of the Financial Supervisory Authority Norm no. 36/2015 regarding accounting regulation referring to annual individual financial statements and annual consolidated financial statements applicable to the insurance and / or reinsurance brokers. Statutory accounting policies of the Company and the Subsidiary have been modified where necessary to ensure compliance with IFRS and consistency with the policies adopted by the 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 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

These consolidated financial statements as at and for the year ended 31 December 2021 have been prepared in accordance with Order No 6 issued by the National Bank of Romania on 20 July 2015 for the approval of accounting regulations in accordance with the European Directives, with subsequent amendments and modifications ("Order 6/2015") and are in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Historical cost convention

These consolidated 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 the preparation of these consolidated financial statements are set out below in the relevant Notes to these consolidated financial statements and have been consistently applied to all the periods presented, unless otherwise stated.

Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant, are disclosed in the relevant Notes to these consolidated financial statements. Although these estimates are based on Management's best knowledge of current events and circumstances, actual results ultimately may differ from those estimates.

Functional and presentation currency

These consolidated 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 consolidated financial statements are prepared on this basis.

New amendments and standards adopted by the Group

The following new and amended standards effective for periods starting 1 January 2021, have been analysed by the Company and do not have a significant impact on the Company's financial statements.

- ***Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2***
  The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- ***Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)***
  These amendments defer the date of application of IFRS 17 Insurance Contracts by two years

to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

New IFRS standards effective for periods beginning after 1 January 2021 early adopted by the Group

The Group has early adopted the narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. These amendments aim to improve accounting policy disclosures so that they provide more useful information to investors and other users of the financial statements and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Accounting policy information is material if it is necessary for the users of the financial statements to understand other material information in the financial statements. Entity-specific information is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the IFRSs.

In implementing these amendments, the Group has considered accounting policy information as material to these financial statements if that information relates to material transactions, including:

- changes in accounting policies during the period,
- policies selected by the Company from one or more options permitted by IFRSs,
- policies developed in accordance with IAS 8 in the absence of an IFRS that specifically applies,
- policies related to an area for which the Company makes significant judgements in applying an accounting policy, and the Company discloses those judgements,
- complex policies where users of the financial statements would otherwise not understand material transactions, other events or conditions as applicable.

In preparing these financial statements, together with implementing the amendments to IAS 1, Practice statement 2 and IAS 8, the Company has considered the recommendations of the IASB as part of their Better Communication in Financial Reporting projects and has modified the structure of the financial statements by rearranging the notes and disclosures and by eliminating immaterial information in an effort to make the communication of relevant financial information more effective.

New IFRS standards effective for annual periods beginning after 1 January 2021 not early adopted by the Group

A number of other new amendments to the standards are required to be applied for annual periods beginning after 1 January 2021 and that are available for early adoption in annual periods beginning on 1 January 2021. The Group has not early adopted the following new or amended standards in preparing these consolidated financial statements and are not expected to have a significant impact on the Group's consolidated financial statements:

- ***Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions***
  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. Effective date: annual periods beginning on or after 1 April 2021.

- ***Amendments to IAS 1, Presentation of financial statements', on classification of liabilities***
  These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Effective date: deferred until accounting periods starting not earlier than 1 January 2024
- ***Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction***
  These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective date: annual periods beginning on or after 1 January 2023.
- ***A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16:***
  - ✓ Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - ✓ Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - ✓ Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
  - ✓ Annual improvements make minor amendments to IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

  Effective date: annual periods beginning on or after 1 January 2022.

Consolidation

Subsidiaries are those investees that the Group controls because it has:

- power to direct their activities that significantly affect their returns,
- exposure, or rights, to variable returns from its involvement with the investees, and
- the ability to use its power over the investees to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control obtained by the Group and are deconsolidated from the date on which control ceases. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Agricover Credit IFN SA.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(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 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. The section concludes with details about the Group's tax result in the year and current and deferred tax assets and liabilities held at the end of the period.

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 of 2021 and 2020 are presented below:

	2021	**2020**
Interest Income	178,477	177,772
Interest Expense	(61,533)	(66,563)
Net interest income	**116,944**	**111,209**

During 2021 interest income recognised on impaired financial assets amounts to RON 5,676 (2020: RON 6,555).

4 NET CREDIT LOSSES ON FINANCIAL ASSETS

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 on financial assets include expected credit losses on off balance sheet commitments and guarantees granted by the Group (refer to Note 21), as follows:

	2021	**2020**
Net credit losses on loans and advances to customers	(3,325)	(20,428)
Net credit losses on commitments and guarantees	(221)	(157)
Total net credit losses	**(3,546)**	**(20,585)**

(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.

	2021	2020
Insurance brokerage commission	7,490	4,742
Fee and commission expense	(259)	(3)
Net fee and commission income	**7,231**	**4,739**

Other operating expenses

	2021	2020
Other operating expenses	(179)	(589)
Sponsorship expenses	(1,333)	(1,275)
Taxes except income tax	(2,996)	(2,006)
Other operating expenses	**(4,508)**	**(3,870)**

Taxes except income tax refer mainly to VAT which is not recoverable as the Group recovers VAT on a pro-rata basis, where the recoverable rate is calculated as a percentage of taxable income divided by total income.

Sponsorship costs are incurred as the Group gives back to the agricultural community by offering financial support to educational programs developed by Clubul Fermierilor Romani (RON 1,000 thousand . Such programs are tailored to the needs of young farmers and support the generational change within family-owned farms.

6 GENERAL AND ADMINISTRATIVE EXPENSES

Breakdown of significant general and administrative expenses is included below:

	2021	2020
Employees' cost	(33,912)	(27,990)
Depreciation	(2,469)	(2,169)
Consulting and audit expenses	(1,456)	(1,326)
Software expenses	(959)	(892)
Fuel expenses and maintenance	(997)	(624)
Advertising expenses	(663)	(633)
Protocol expenses	(636)	(767)
Other administrative expenses	(5,138)	(4,166)
Total	**(46,230)**	**(38,566)**

As at 31 December 2021 Agricover Credit IFN S.A employs 179 people (31 December 2020: 160). As at

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

31 December 2021 Clubul Fermierilor Romani Broker de Asigurare SRL employs 31 people (31 December 2020: 36)

The fee for the audit of the statutory financial statements for the year ended 31 December 2021 has been 44,500 EUR, equivalent plus VAT (2020: 35,500 EUR, equivalent plus VAT). The fee for the non-audit services rendered by the statutory auditor for financial year 2021 has been 11,500 EUR, equivalent plus VAT (2020: 21,000 EUR equivalent, plus VAT)

7 CURRENT AND DEFERRRED INCOME TAX

Current and deferred income tax charges are calculated on the basis of tax rates and the tax laws enacted or substantively enacted at the balance sheet date in Romania.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Significant Judgement – Income tax

Frequent modification of the tax laws applicable in Romania give rise to significant tax uncertainties including but not limited to the tax authorities interpretation of complex tax issues. Differences arising between the results of such interpretations and the assumptions made by the Group's management, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded, together with late payment interest and penalties. In Romania, tax periods remain open for 5 years.

One of the main sources of tax uncertainy relates to transfer pricing. Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon written request of the Romanian tax authorities their transfer pricing documentation file. Notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group's management considers that the tax liabilities included in these consolidated financial statements are fairly stated, and is not aware of any circumstances which may give rise to a potential material liability in this respect.

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

Significant components of the income tax expense are presented below.

	2021	2020
Current tax	9,091	7,458
Deferred tax	(249)	(995)
Income tax expense	**(8,842)**	**(6,463)**

The income tax rate applicable to the Group's taxable income in 2021 and 2020 is 16%. The reconciliations between the tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Accounting profit before tax	65,700	48,573
Tax charge at the statutory tax rate of 16%	**(10,512)**	**(7,772)**
Tax effect on non-taxable income	(240)	-
Tax effect on non-deductible expense	432	399
Other tax deductions, *of which:*	**(1,862)**	**(1,708)**
- legal reserves	*(529)*	*(433)*
- income tax facilities (sponsorship related)	*(1,333)*	*(1,275)*
Income tax expense	**(8,842)**	**(6,463)**
Effective tax rate	*13.46%*	*13.31%*

Significant components of deferred tax assets and liabilities as at 31 December 2021, including their movements during the year then ended, ar presented below:

	1-Jan-21 Deferred tax assets	(Charged) / Credited to profit or loss	31-Dec-21 Deferred tax assets
Allowance for loans granted	2,719	222	2,941
Allowance for off balance sheet	25	34	60
Leases	(2)	(7)	(9)
Total	**2,742**	**249**	**2,991**

Significant components of deferred tax assets and liabilities as at 31 December 2020, including their movements during the year then ended, ar presented below:

	1-Jan-20 Deferred tax assets	(Charged) / Credited to profit or loss	31-Dec-20 Deferred tax assets
Allowance for loans granted	1,747	972	2,719
Allowance for off balance sheet		25	25
Leases		(2)	(2)
Total	**1,747**	**995**	**2,742**

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

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.

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 consolidated statement of financial position.

i.1. Risk Management Policies and Procedures

The Group uses internal risk gradings that reflect its assessment of the probability of default of individual counterparties. Borrower and loan specific information collected by the relationship managers is fed into this risk grading model. Relationship managers have clear responsibilities concerning health checks and monitoring of farmers' business, as one of their KPIs refers to the collection of installments as due. In practice Agricover teams visit each farmer at least twice a year (when financing autumn main crops, respectively spring main crops). This is supplemented with external data such as credit bureau or payment incidents information or COFACE reports on individual borrowers. In addition, the model enables expert judgement from the Risk Director to be fed into the final internal grading. This allows for considerations which may not be captured as part of the other data inputs into the model.

Specific collection strategies are applied depending on risk information and value of exposure, as follows:

1) **Standard exposure monitoring** –automatic collection process applied to all credit risk exposures. Risk indicators monitored:
   - ✓ Insolvency – based on the public insolvency register;
   - ✓ Breaches of payment terms with third parties – based on information available from the Central Credit Register ("CRC");
   - ✓ Level of debts to state budget – these should not exceed 20% of the Group's exposure to the specific client
2) **Intensive exposure monitoring –** process applied for clients with exposure over 2 million RON or for "orange" or "red" graded exposures; while in intensive monitoring the following risk indicators are observed in addition to the standard:
   - ✓ debtor's status at the National Trade Register Office
   - ✓ information from the Office of Payment Incidents for Romanian Companies
   - ✓ significant increase of client's debt to other financial institutions (sensitive threshold: 50% year-on-year increase)

As a result, the early understanding of potential problems that customers may face during the farming year allows preventive intervention and, in most cases, the Group team together with the customers identify solutions to resume or potentially restructure payment schedules. At the same time, in situations where the farmers cannot meet their obligations, early identification default risk allows timely initiation of collateral liquidation procedures. Usually the forced execution team identifies potential buyers even among the existing clients with whom the Group has long-lasting business relationships, especially in the case of agricultural land, silos, or agricultural equipments brough as collateral. As a consequence, access to an extended customer base enables a fast and efficient collateral liquidation process, at market conditions resulting in debt recovery close to debt nominal value.

The internal risk grades as monitored by the Risk Director and periodically reported to the Credit Risk Committee are detailed below:

1) **green –** exposures less than 30 days overdue and with no other risk indicators identified based on the standard or intensive monitoring processes (for clients with exposure over 2 million RON);
2) **orange –** exposures past due by 31 to 90 days as well as customers with restructured loans and less than 30 days overdue during the probation period.
3) **red –** exposures with more than 90 days past due where solutions for amiable collection have been identified, or exposure to clients whose financial situation or other risk indicators may

lead to the opening of foreclosure procedures; customers with this risk grade are monitored by the legal collection team who accompany the commercial team during the site visits with the objective to identify solutions for the debit collection, either amicable payment, or existing collateral execution or consolidation of existing guarantees etc;
4) **legal –** exposures for which legal proceedings for foreclosure and collateral execution have been initiated via a bailiff. They are monitored by the legal collection team.

For clients under intensive monitoring the relevant indicators are assessed by the risk analyst, the commercial team may be involved in data gathering when relevant, and submitted to the attention of the Collection Committee when indicators of significant increase in credit risk are identified. Based on this analysis the Collection Committee updates or keeps the risk grade of the respective client.

The Group manages limits and controls the concentrations of credit risk both to individual counterparties and to group of related counterparties exposures. Such limits are subject to an annual review process but can be updated more frequently if necessary. Limit updates are initiated in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

i.2. Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment, based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group as detailed above.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer to note i.3 for details around SICR identification.
- If the financial instrument is credit-impaired, it is then moved to 'Stage 3'. Refer to note i.4 for details around impairment identification and default definition.
- Financial instruments in Stage 1 have their expected credit losses ("ECL") measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note i.6 for details around key inputs, assumptions and estimates used by the Group in the measurement of ECL.
- Measuring ECL in accordance with IFRS 9 considers forward-looking information. Refer to note i.7 for details around forward looking information and its impact on the ECL measured by the Group.
- Purchased or originated credit-impaired ("POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Subsequent to initial regcognition at fair value, interest income on POCI financial assets is recognized based on a credit- adjusted effective interest rate while their ECL is always measured on a lifetime basis irrespective of whether they are credit-impaired at the reporting date.
- Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis (refer to note). Refer to note i.5 for details around segmentation of loans and advances as used by the Group for the purposes of measuring ECL.

Significant estimate – expected credit losses

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) and makes certain post model adjustments or management overlays to account for existing or expected risks which are not addressed by the statistical model employed Key judgements, assumptions and techniques used for estimating expected credit losses on loans and advances, loan commitments, as well as financial guarantees issued by the Group are presented below, together with sensitivities of the ECL to relevant inputs.

i.3. Significant increase in credit risk ("SICR")

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

- the asset is more than 30 days past due (backstop),
- different triggers are signaled by the Credit Risk Committee, such as: payment incidents, significant increase in customer debt to other financial institutions (year-on-year increase of indebtedness by 50% or more) etc.,
- the debtor exhibits significant financial degradation based on the analysis of its financial reports (i.e. it is classified as "orange" based on the internal risk grades identified above), or
- first restructuring if no amounts are overdue by more than 30 days during the probation period of 24 months.

i.4. Default and credit-impaired loans and advances

For the purpose of determining the risk of a default occurring, the Group applies a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers both quantitative and qualitative indicators as appropriate. An asset is marked as in default whenever one of the following circumstances occurs:

- the asset is more than 90 days past due (backstop), or
- the Group concludes that the borrower is unlikely to pay, considering:
    - Initiation of legal procedures against the borrower,
    - Decisions of the Collection Committee based on public information, information available within the Group but also from other entities within the Agricover Holding SA Group (i.e. it is classified as "red" based on the internal risk grades identified above), or
    - Repeated restructuring.

An exposure is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria identified above, subject to a probation period of 12 months in case of borrowers with repeated restructurings, respectively of 3 months in the rest of the cases.

i.5. Grouping of instruments for expected losses measured on a collective basis

For expected credit losses modelled on a collective basis, a grouping of exposures is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically relevant.

The risk drivers applied by the Group refer to:

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

i.6. Key inputs, assumptions and estimation techniques

The Expected Credit Loss ("ECL") is measured:

- on a 12-month (12M) basis for Stage 1 classified exposures, or
- on a Lifetime basis for Stage 2 or Stage 3 classified exposures as well as for exposures purchased or originated credit-impaired.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per definition of Default above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation;
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. The Group estimates LGD parameters based on the estimated recoverable value of collaterals, allocated at each loan ID, calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting and multiplying the 12M or Lifetime PD, LGD and EAD for each individual exposure or collective segment.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a group with shared credit risk characteristics. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For revolving products, the exposure at default is predicted by taking current undrawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. For loans without a reimbursement schedule or for bullet loans, the EAD is considered constant up to "expected maturity". For installment loans EAD is estimated considering the contractual reimbursement schedule. The prepayment effect was assessed as not significant and not considered in the estimation of EAD.

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

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

i.7. 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 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:

	31 December 2021			**31 December 2020**		
	base scenario	**optimistic scenario**	**pessimistic scenario**	**base scenario**	**optimistic scenario**	**pessimistic scenario**
Contribution of Agriculture in GDP	3% growth	15% growth	30%decline	14% growth	26% growth	9% decline
scenario weight	15%	5%	80%	54%	11%	35%

As at 31 December 2021 the management allocated higher weights to more pessimistic scenarios as compared to 31 December 2020 considering, amongst other, the following factors: a) in 2021 yields in agriculture were record high with increasing prices for outputs; b) towards the end of 2021 inflation started to rise doubled by surging commodity prices, including energy, gas and fuel which are expected to have a negative impact on the yields, outputs and profit margins of farmers.

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 22.8% compared with 2021.

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

- 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
- for 2020, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 1.2 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 31 December 2021 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 31 December 2021) with a high indebtness per productive unit (i.e. debt per hectar was considered). For such exposure the Group booked expected credit losses of 4.56 million RON. If the indebtness rate considered would have been 10% higher or lower the resulting allowance would have been (0.6 million RON lower respectively 0.5 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 0.75 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)

i.8. 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 presented below:

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

For the purpose of ECL measurment the values of collaterals as included in the valuation reports are adjusted with haircuts specific to each type of collateral to reflect the management estimated recoverable amounts in forced sales scenarios and to account for the forward looking macroeconomic scenarios considered within the ECL measurement exercise.

Information about the fair value of the collateral used in the ECL measurement as at 31 December 2021 is as follows (fair value of the guarantee is limited to the exposure value):

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralized 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

Comparative information as at 31 December 2020 is as follows:

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralized by:				
Mortgage	66,956	693,353		**760,309**
Pledge on equipment	42,841	26,322		**69,163**
Pledge on stock		60,172		**60,172**
Total value of collaterals	**109,797**	**779,847**	**-**	**889,644**
Gross loans and advances granted	118,188	1,523,445	53,059	1,694,692

As at 31 December 2021, the Group has no asset (land or other) obtained by taking possession of collateral held as security (31 December 2020 nil) as a result of foreclosure procedures. Repossessed assets (generally represented by inventories – agricultural products) are sold as soon as practicable.

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

i.9. Loss Allowance

Following a year 2020 marked by severe draughts and SARS-CoV-2 pandemic restrictions, 2021 was a very good agricultural year, with record high yields for most farmers. In this favourable climate and economic environment, the Group recovered 5.4 million RON form exposures that were marked as impaired at 31 December 2020. The lower default rates during 2021 had a positive impact in the probabilities of default considered by the collective analysis.

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), as detailed above.

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

	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 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**

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

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2020	**8,519**	**5,639**	**19,789**	**33,947**
New assets originated	7,124			7,124
Increase in value of existing assets	6,001	9,322	1,180	16,503
Assets derecognized or repaid (excluding write off)	(1,973)	(400)	(826)	(3,199)
Transfers from Stage 1	(9,306)	5,968	3,337	
Transfers from Stage 2		(14,417)	14,417	
Transfers from Stage 3				
Amounts written off			(2,975)	(2,975)
ECL at 31 Dec 2020	**10,365**	**6,113**	**34,922**	**51,400**

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

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 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**

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

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2020	**1,466,136**	**47,264**	**21,966**	**1,535,366**
New assets originated	1,490,452			1,490,452
Increase of existing assets	481,655		5,171	486,826
Assets derecognized or repaid (excluding write off)	(1,798,438)	(14,603)	(1,936)	(1,814,977)
Transfers from Stage 1	(142,195)	142,195		
Transfers from Stage 2		(33,072)	33,072	
Transfers from Stage 3				
Amounts written off			(2,975)	(2,975)
GCA at 31 Dec 2020	**1,497,610**	**141,784**	**55,298**	**1,694,692**

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

(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 2020	Capex		Credit lines		Factoring	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Collective analysis						
Stage 1	105,630	253	1,340,135	9,964	51,845	148
Stage 2	7,769	14	92,851	1,239	749	0
Stage 3	1,667	793	41,518	28,537	464	464
Individual analysis						
Stage 2	2,319	145	38,096	4,715		
Stage 3	804	134	10,845	4,994		
Total	**118,188**	**1,338**	**1,523,445**	**49,449**	**53,059**	**613**

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.9.1. 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 31 December 2021.

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**

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

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	292,911			**292,911**
	Medium risk		30,110		**30,110**
above 400HA					
	Low risk	1,019,381			**1,019,381**
	Medium risk		100,590		**100,590**
others					
	Low risk	27,844			**27,844**
	Medium risk		246		**246**
Non-performing					
below 400HA					
	Substandard			12,137	**12,137**
	Doubtful			393	**393**
	Loss			2,310	**2,310**
above 400HA					
	Substandard			18,540	**18,540**
	Doubtful			-	**-**
	Loss			2,404	**2,404**
others					
	Substandard			6,162	**6,162**
	Doubtful				**-**
	Loss			10,416	**10,416**
Total GCA		**1,340,135**	**130,947**	**52,363**	**1,523,445**

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.i.3).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.i.4).

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**

(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 2020	Stage 2		Stage 3		Total	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	88,785	1,194	17,461	8,458	106,246	9,652
90 dpd (for Stage 3)			4,178	3,138	4,178	3,138
Individual analysis						
30 dpd (for Stage 2)	37,641	4,624	9,914	4,928	47,555	9,552
90 dpd (for Stage 3)			330	66	330	66
Total	**126,426**	**5,818**	**31,882**	**16,523**	**158,308**	**22,341**

i.9.2. 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 31 December 2021.

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**

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

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	1,793			**1,793**
	Medium risk		749		**749**
above 400HA					
	Low risk	47,751			**47,751**
	Medium risk				
others					
	Low risk	2,302			**2,302**
	Medium risk				
Non-performing					
below 400HA					
	Loss			178	**178**
above 400HA					
	Loss			286	**286**
Total GCA		**51,845**	**749**	**464**	**53,059**

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.i.3).
- Stage 3 – loans less than 90 dpd, thus,presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.i.4).

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**

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

31 Dec 2020	Stage 2		Stage 3		Total	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	600	-			600	-
Total	**600**	**-**			**600**	**-**

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

i.9.3. 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 31 December 2021.

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**

Comparative information for 31 December 2020 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low-fair risk	27,024			**27,024**
	Medium-risk		1,584		**1,584**
above 400HA					
	Low-fair risk	72,938			**72,938**
	Medium-risk		8,446		**8,446**
others					
	Low-fair risk	5,668			**5,668**
	Medium-risk		58		**58**
Non-performing					
below 400HA					
	Substandard			1,030	**1,030**
	Doubtful			35	**35**
	Loss			118	**118**
above 400HA					
	Substandard			1,008	**1,008**
	Loss			94	**94**
others					
	Substandard			133.35	**133.35**
	Loss			184.60	**184.60**
Total GCA		**105,630**	**10,088**	**2,603**	**118,321**

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

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.i.3).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.i.4).

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**

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

31 Dec 2020	Stage 2		Stage 3		Total	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	7,769	14	904	315	8,673	329
90 dpd (for Stage 3)			98	65	98	65
Individual analysis						-
30 dpd (for Stage 2)	2,319	145	804	134	3,123	278
90 dpd (for Stage 3)						
Total	**10,088**	**159**	**1,806**	**448**	**11,796**	**607**

i.10. 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 31 December 2021, the modified net exposure was of RON 8,626 thousand (31 December 2020: RON 14,844 thousand).

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

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

	31 December 2021		31 December 2020	
	Capex	**Credit lines**	**Capex**	**Credit lines**
Collective analysis				
Stage 2	882	2,945	29	4,111
Stage 3	340	10,555	505	13,916
Collective expected credit losses	215	8,029	**41**	**7,740**
Total GCA for collectively analysed loans and advanced to customers	1,221	13,500	535	18,027
Individual analysis				
Stage 2		1,637		1,946
Stage 3		4,484	383	6,830
Individual expected credit losses		3,974	**77**	**4,977**
Total GCA for individually analysed loans and advanced to customers		6,121	383	8,776
Totals				
Total expected credit losses	215	12,002	118	12,717
Total gross exposure	1,221	19,622	917	26,802
Total net exposure	**1,007**	**7,619**	**800**	**14,085**

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. The gross carrying amount of such assets held as at 31 December 2021 was RON 15 milion (31 December 2020: RON 2 million).

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

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

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 10).

The Group's strategy is to monitor open positions on a daily basis and apply risk management 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:

	31 December 2021 EUR	**31 December 2020 EUR**
Assets		
Cash and bank balances	380	5,060
Loans and advances to customers	105,907	48,933
Total assets	**106,287**	**53,993**
Liabilities		
Borrowings	332,611	168,395
Total Liabilities	**332,611**	**168,395**
Derivative financial instruments (notional)	205,487	94,710
Net financial position	**(20,837)**	**(19,692)**

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*.

	2021 EUR strengthening by 3.4%	*2020 EUR strengthening by 2.5%*
Gain / (loss) before tax of:	(708)	(514)
Equity	(595)	(432)

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

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.

All bank borrowings contracted by the Group bear floating 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 31 December 2021. 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	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**

Comparative information as at 31 December 2020 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	1,011,239		632,030		1,643,269
Other financial assets	2,310				2,310
Cash and cash equivalents	87,237				87,237
Total financial assets	**1,100,786**	**-**	**632,030**	**-**	**1,732,816**
					-
Bank borrowings	814,266	448,863	121,692		1,384,821
Other financial liabilities	10,467	4,272			14,739
Total financial liabilities	**824,733**	**453,135**	**121,692**	**-**	**1,399,560**
Interest repricing gap	**276,052**	**(453,135)**	**510,338**	**-**	**333,256**

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.

	2021	*2020*
	Interest rate (+100 b.p parallel shift)	*Interest rate (+100 b.p parallel shift)*
Gain / (loss) before tax of:	1,462	1,522
Equity	1,228	1,279

iii. Liquidity Risk

Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core capital base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

The treasury departments of the subsidiaries of the Company are responsible for working with other departments within the respective subsidiaries to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required.

Prudent liquidity risk management also implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed borrowing facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2021	31 December 2020
Undrawn Committed facilities, *of which:*		
expiring within one year	211,729	231,988
expiring beyond one year		
Undrawn Uncommitted facilities, *of which:*		
expiring within one year	317,593	306,961
expiring beyond one year		
Total available undrawn facilities, *of which:*	**529,322**	**538,950**
expiring within one year	529,322	538,950
expiring beyond one year		
Unencumbered eligible assets	653,954	428,389

Correction of prior period error

The Group reclassified undrawn facilities amounting to 165 million RON presented at 31 December 2020 as uncommitted facilities to committed facilities to account for the committed nature of the respective financing agreements.

The error has been corrected by restating the disclosure of prior period undrawn facilities as follows:

	31 December 2020 as previously reported	Increase / (decrease)	31 December 2020 restated
Undrawn Committed facilities, *of which:*			
expiring within one year	66,760	165,228	231,988
Undrawn Uncommitted facilities, *of which:*			
expiring within one year	472,190	(165,228)	306,961
Total available undrawn facilities, *of which:*	**538,950**	**0**	**538,950**
expiring within one year	**538,950**	0	538,950

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

Analysis of financial assets and liabilities

The Group manages its exposure to the liquidity risk using a maturity structure of its monetary assets and liabilities based on remaining contractual maturities of assets and liabilities with set payment terms and on expected cash flows for those assets or liabilities without specific maturities. The table below shows how the Group manages its liquidity risk by presenting the undiscounted cash flows of monetary assets and liabilities on time bands based on their remaining contractual maturities. Some of the Group's borrowings and all of its loans and advances granted are uncommited, including unconditional early call options in favour of the lender. Based on its history and relationships developed with its business partners, the Group concluded that exercising such options is highly unlikely, thus the early call options are not considered in the analysis below. Derivatives held for risk management purposes are shown remaining contractual maturity at their expected cash flows estimated based on the market conditions at the end of the periods presented.

31 December 2021	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**more than 5 years**	**Total**
Loans and advances to customers	467,214	1,055,184	224,105	370,465	109,313	2,226,280
Other financial assets	3,099					3,099
Cash and cash equivalents	90,699					90,699
Net settled derivative assets held for risk management	116					116
Expected inflows on assets	**561,128**	**1,055,184**	**224,105**	**370,465**	**109,313**	**2,320,195**
Bank borrowings	221,562	778,421	282,736	442,550	24,725	1,749,994
Finance lease liabilities	804	805	896	591		3,096
Other financial liabilities	13,173					13,173
Net settled derivative liabilities held for risk management	744					744
Expected outflows on liabilities	**236,283**	**779,226**	**283,632**	**443,141**	**24,725**	**1,767,006**
Off balance sheet items						
Derivative contracts (inflow)	67,903		1,580		54,713	124,196
Derivative contracts (outflow)	(69,848)		(3,300)		(60,242)	(133,390)
Financial guarantee	5,500					5,500
Expected outflows on liabilities	**239,838**	**779,226**	**281,912**	**443,141**	**19,195**	**1,763,312**
Net gap	**321,290**	**275,957**	**(57,807)**	**(72,675)**	**90,117**	**556,882**

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

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	Total
Loans and advances to customers	384,229	940,650	203,243	331,802	78,810	1,938,734
Other financial assets	2,310					2,310
Cash and cash equivalents	87,237					87,237
Net settled derivative assets held for risk management	-					-
Expected inflows on assets	**473,776**	**940,650**	**203,243**	**331,802**	**78,810**	**2,028,280**
Bank borrowings	111,768	573,205	453,839	323,665	45,989	1,508,465
Finance lease liabilities	853	770	1,524	1,125		4,272
Other financial liabilities	10,467					10,467
Net settled derivative liabilities held for risk management	907					907
Expected outflows on liabilities	**123,995**	**573,975**	**455,363**	**324,790**	**45,989**	**1,524,112**
Off balance sheet items						
Derivative contracts (inflow)	32,536					32,536
Derivative contracts (outflow)	(32,536)					(32,536)
Financial guarantee	6,500					6,500
Expected outflows on liabilities	**130,495**	**573,975**	**455,363**	**324,790**	**45,989**	**1,530,612**
Net gap	**343,281**	**366,675**	**(252,120)**	**7,013**	**32,821**	**497,669**

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

Correction of prior period error

Cash outflows and inflows on derivative instruments contracts were previously presented on gross basis. Related derivatives instruments contracts are net settled. The error has been corrected by restating the disclosure of the related cash inflows and outflows on a net basis to account for the net settlement provisions of the contractual agreements, as follows:

	31 December 2020 as previously reported	**Increase / (decrease)**	**31 December 2020 restated**
Derivative notional amount			
Derivative notional amount(inflow)	94,710	(62,174)	32,536
Derivative notional amount(outflow)	(94,710)	62,174	(32,536)
Net settle derivative liabilities held for risk management	1,368	(461)	907

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

The analysis as previously reported is presented below. The restated analysis is as presented on page 39.

31 December 2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	Total
Loans and advances to customers	384,229	940,650	203,243	331,802	78,810	1,938,734
Other financial assets	2,310					2,310
Cash and cash equivalents	87,237					87,237
Net settled derivative assets held for risk management	-					-
Expected inflows on assets	**473,776**	**940,650**	**203,243**	**331,802**	**78,810**	**2,028,280**
Bank borrowings	111,768	573,205	453,839	323,665	45,989	1,508,465
Finance lease liabilities	853	770	1,524	1,125		4,272
Other financial liabilities	10,467					10,467
Net settled derivative liabilities held for risk management	1,368					1,368
Expected outflows on liabilities	**124,456**	**573,975**	**455,363**	**324,790**	**45,989**	**1,524,573**
Off balance sheet items						
Derivative contracts (inflow)	94,710					94,710
Derivative contracts (outflow)	(94,710)					(94,710)
Financial guarantee	6,500					6,500
Expected outflows on liabilities	**130,956**	**573,975**	**455,363**	**324,790**	**45,989**	**1,531,073**
Net gap	**342,820**	**366,675**	**(252,120)**	**7,013**	**32,821**	**497,208**

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

The table below shows the undiscounted cash flows of its financial liabilities as at 31 December 2021. Repayments which are subject to notice are treated as if notice were to be given immediately.

12/31/2021	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	Total
Bank borrowings	639,157	345,490	282,736	442,550	24,725	1,734,658
Finance lease liabilities	804	805	896	591	-	3,096
Other financial liabilities	13,173	-	-	-	-	13,173
Net settled derivative liabilities held for management	744	-	-	-	-	744
Derivative contracts (inflow)	67,903	-	1,580	-	54,713	124,196
Derivative contracts (outflow)	(69,848)	-	(3,300)	-	(60,242)	(133,390)
Financial guarantees granted	5,500	-	-	-	-	5,500
Total	**657,433**	**346,295**	**281,912**	**443,141**	**19,195**	**1,747,976**

Comparative analysis as at 31 December 2020 is presented below:

12/31/2020	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	more than 5 years	total
Bank borrowings	571,358	269,465	287,455	308,644	44,959	1,481,882
Finance lease liabilities	853	770	1,524	1,125	-	4,272
Other financial liabilities	10,467	-	-	-	-	10,467
Net settled derivative liabilities held for risk management	907	-	-	-	-	907
Derivative contracts (inflow)	32,536	-	-	-	-	32,536
Derivative contracts (outflow)	(32,536)	-		-		(32,536)
Financial guarantees granted	6500					6,500
Total	**590,085**	**270,235**	**288,979**	**309,769**	**44,959**	**1,504,028**

(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 EQUITY

Issued share capital

	31-Dec-21	31-Dec-20
Authorised		
ordinary shares of 0,01RON each, *owned by*:	11,792,497	11,792,497
Agricover Holding	11,792,496	11,792,496
Agricover S.A	1	1

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

	2021		2020	
Ordinary shared, issued and fully paid:	**#**	**RON'000**	**#**	**RON'000**
at 1 January	11,792,497	117, 925	10,792,497	107,925
issued during the period	-	-	10,000,000	10,000
at 31 December, *of which owned by:*	**11,792,497**	**117, 925**	**11,792,497**	**117,925**
Agricover Holding SA	11,792,496	117, 925	11,792,496	117,925
Agricover SA	1	0	1	0

Ordinary shares have a par value of 0,1RON. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of the shares held. There are no other classes of equity instruments issued by the Company.

Legal and other reserves

As of 31 December 2021, the Group's legal reserves are constituted within the legal limit of 5% from gross profit.

10 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 2021 and 2020.

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

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	**2,021**	**2,020**
Capital and aggregate exposure		
Share capital	117,925	117,925
Legal reserve	17,381	14,077
Other reserves	938	938
Retained earnings	221,522	177,541
Net profit	57,141	46,687
1. Available capital	**414,908**	**357,168**
Distribution of profit	3,304	2,705
Intangibles	5,645	1,615
2. Deductions from available capital	**8,949**	**4,320**
I. Total capital	**405,959**	**352,847**
II. Investment capital	150	150
III. Other elements deducted (difference between regulatory credit risk provisions and IFRS 9 expected credit losses)	16,993	-
IV. Own funds	**388,816**	**352,697**
Total aggregate exposure	**1,516,520**	**1,254,200**
Aggregate adjusted exposure compared to own funds	**390%**	**356%**

(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, related accounting policies for recognising and measuring financial instruments as well as their fair values.

11 OVERVIEW OF FINANCIAL INSTRUMENTS

An overview of the financial instruments held by the Group is presented below:

	Note	31 December 2021	31 December 2020
Financial assets at amortised cost:		**2,037,279**	**1,732,815**
Loans and advances to customers		1,943,480	1,643,269
Other financial assets		3,099	2,310
Cash and cash equivalents	12	90,699	87,236
Financial liabilities at amortised cost:		**1,650,096**	**1,399,563**
Borrowings	13	1,633,827	1,384,821
Other financial liabilities	14	16,269	14,739
Financial liabilities at fair value:			
Derivatives held for risk management purposes	8	1,275	1,368

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, as described in note8.i, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Classification and subsequent measurement

The Group applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL); and
- Amortised cost.

Classification and subsequent measurement depend on:

i. the Group's business model for managing the asset – it reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of asset; and

ii. the cash flow characteristics of the asset – namely whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Group classifies its financial assets as follows:

- amortised cost – cash and cash equivalents, trade and other receivables and loans and advances granted are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and are measured at amortised cost;
- fair value through profit or loss – derivatives held for risk management purposes which are not designated as part of hedging relationships are measured at fair value through profit or loss. Gain or losses on derivatives held for risk management purposes are presented as net loss from derivative financial instruments in the Statement of Profit or loss and other comprehensive income.

Significant judgement – modified time value of money element

Revolving credit lines loans granted by the Group include a modified time value of money element by which the benchmark rate tenor is different from the repricing period. The management used judgement in classifying such loans as at amortised cost. In applying this judgement the management has considered the results of a qualitative benchmark test which analysed the spread and correlation between the contractual benchmark rate and the benchmark rate with a tenor that matches the repricing period.

The amortised cost is the amount at which the financial instrument (asset or liability) is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Expected credit losses

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its financial assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money whereby expected shortfalls are discounted using the original effective interest rate of the financial asset or an approximation thereof; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 8 provides more detail of how the expected credit loss allowance is measured.

Classification of financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for derivatives held for risk management purposes which are not designated as part of a hedging relationship and which are measure at fair value through profit or loss.

Gain or losses on derivatives held for risk management purposes are presented as net loss from derivative financial instruments in the Statement of Profit or loss and other comprehensive income.

Modifications

If the terms of a financial instrument are modified, then the Group evaluates whether the cash flows of the modified instrument are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial instrument (asset or liability) are deemed to have expired. In this case, the original financial instrument is derecognised and a new financial instrument is recognised. Any fees received or paid as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset or liability and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset or liability; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows on a financial asset are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In all other cases a gain or loss on the modification of a financial asset is presented as interest income. Gains or losses on the modification of a financial liability are presented as interest expense.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

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

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Loans and advances to customers are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of forced execution and a failure to make contractual payments. Any subsequent recoveries of amounts previously written off are credited to net credit losses on financial assets, in profit or loss for the year.

Financial guarantees and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 8.i); and
- The premium received on initial recognition less, when appropriate, income recognised in accordance with the principles of IFRS 15 *Revenue from contracts with customers*, namely linearly over the life of the guarantee.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 8.i).

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

12 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, with maturities of 3 months or less. Bank overdrafts are shown within borrowings in the statement of financial position.

As at 31 December 2021 and 31 December 2020 Cash and cash equivalents presented in the Statement of financial position and in the Statement of cash flows are represented by placements held with highly reputable local banks, as follows:

	31-Dec-21	31-Dec-20
Current account	88,821	85,989
Deposits with banks	1,878	1,248
Total	**90,699**	**87,237**

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

13 BORROWINGS

	31-Dec-21	31-Dec-20
Borrowings from local banks	910,618	814,266
Borrowings from international financial institutions	520,173	570,555
Borrowings from related parties	203,036	-
Total borrowings	**1,633,827**	**1,384,821**

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 20.

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:	31-Dec-21	31-Dec-20
local banks	910,618	814,266
international financial institutions within European Union	401,839	425,027
International Investment Bank	95,644	112,810
International Finance Corporation	22,690	32,718
related parties (note 19)	203,036	-
Total borrowings	**1,633,827**	**1,384,821**

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.

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

The Group has complied with all financial covenants imposed by and by its borrowing facilities from local banks and international financial institutions during 2021 and 2020 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:

	2021		2020	
	Borrowings	**Lease Liabilities**	**Borrowings**	**Lease Liabilities**
at 1 January	1,384,821	4,272	1,283,294	3,287
withdrawals	4,357,804		2,936,586	
new contracts		540		2,571
repayments	(4,116,853)	(1,696)	(2,834,270)	(1,552)
interest accrued	61,595	(62)	66,637	(74)
interest paid	(55,613)		(66,642)	
foreign exchange rate effect	2,072	42	(785)	41
at 31 December	**1,633,827**	**3,096**	**1,384,821**	**4,272**

14 OTHER FINANCIAL LIABILITIES

Breakdown of other financial liabilities is included below:

Other financial liabilities	**2021**	**2020**
Employees	7,687	6,193
taxes and social contributions	1,423	1,092
VAT	618	438
others (suppliers)	3,445	2,745
Total other financial liabilities	**13,173**	**10,467**

15 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.

	31 December 2021		31 December 2020	
	Level 2	**Total**	**Level 2**	**Total**
Financial assets at fair value:				
Derivatives held for risk management	116	116	-	-

	31 December 2021		31 December 2020	
	Level 2	**Total**	**Level 2**	**Total**
Financial liabilities at fair value:				
Derivatives held for risk management	(1,275)	(1,275)	(1,368)	(1,368)

As at 31 December 2021 the Group had FX Forward contracts outstanding with a total negative fair value of RON 1,275 (31 December 2020: RON 1,368. 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.

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

Comparative information as at 31 December 2020 is presented below:

31 December 2020	Level 1	Level 2	Level 3	Total	Carrying value
Loans and advances to customers:					
Capex			116,854	116,854	116,850
Credit lines			1,475,219	1,475,219	1,473,974
Factoring			52,461	52,461	52,446
Total			**1,644,534**	**1,644,534**	**1,643,270**

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:

- Leases (note 16);
- Property, plant and equipment (note 17);
- Intangible assets (note 0);

and related key accounting policies, judgement and estimates.

16 LEASES

The Group leases various offices, working points and vehicles. The Group acts as a lessee in all its significant leasing agreements. This note details the accounting policy applied by the Group as a lessee, related significant estimates and impact of leases on the Group's financial position, performance and cash flows.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date and subsequently updated based on the index or rate valid at each reporting period;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- payments to be made under reasonably certain extension options.

Contracts to lease buildings and vehicles include non-lease components, such as repair and maintenance, security or management services. Prices of non-lease components are clearly stated in all significant lease agreements of the Group and the management is satisfied that such prices are representatiave of the standalone selling prices for similar services. The Group separates lease and non-lease components.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the lessee and not by the respective lessor. Lease contracts of the Group do not include purchase options.

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

Right of use assets are depreciated over the shortest of the asset's useful life or the lease term (which is impacted by reasonably certain prolongation or early termination options available to the Group).

Significant estimate – discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses as a starting point:

- where possible, recent third-party financing received by the individual lessee; or
- interest rates obtained by the lessee from various external financing sources.

Management then makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Significant inputs used by the Group in measuring lease liabilities and right of use assets are details below:

	Buildings		**Vehicles**	
	2021	**2020**	**2021**	**2020**
Weighted average incremental borrowing rate	2.94	2.97	2.3	2.3
Weighted average residual lease term	1.41	2.29	1.41	2.29
Weighted average lease term at recognition	4	4	4	4

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

The balance sheet shows the following amounts relating to leases:

	31-Dec-21	31-Dec-20
Right of use assets		
Buildings	1,531	2,098
Vehicles	1,564	2,165
Equipment		
Total	**3,096**	**4,264**
Lease liabilities		
<1 year	1,609	1,623
> 1 year	1,487	2,649
Total	**3,096**	**4,272**

Lease liabilities

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Right of use assets

The reconciliation of opening and closing right of use assets for 2021 is presented below:

	Buildings	Vehicles	Total
As at 01 January	2,568	1,696	4,264
Additions	70	478	548
Depreciation	1,107	609	1,716
As at 31 December	**1,531**	**1,564**	**3,096**

Comparative information for 2020 is presented below:

	Buildings	Vehicles	Total
As at 01 January	1,635	1,648	3,283
Additions	1,588	983	2,571
Depreciation	655	935	1,590
As at 31 December	**2,568**	**1,696**	**4,264**

The statement of profit or loss shows the following amounts relating to leases:

	Note	2021	2020
Depreciation charge for right of use assets:			
Buildings		(1,107)	(935)
Vehicles		(609)	(655)
Total		**(1,716)**	**(1,590)**
Interest expense (Included in interest cost)	**3**	**61**	**74**

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

17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised at historical cost less accumulated depreciation and impairment losses, if any. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- Motor vehicles 4 years;
- Buildings (improvements) 5 years

The reconciliation of the carrying amount of each significant class of property plant and equipment is presented below:

	Equipment	Buildings improvement	Total
Gross book value	2,193	1,466	3,659
Accumulated depreciation	(1,463)	(1,388)	(2,851)
Net book value at 1 January 2021	**730**	**77**	**808**
Additions	288	129	417
Depreciation charge	(313)	(50)	(363)
Net book value at 31 December 2021	**705**	**157**	**862**
Gross book value	2,481	1,595	4,076
Accumulated depreciation	(1,776)	(1,438)	(3,214)

Comparative information for 2020 is included below:

	Equipment	Buildings improvement	Total
Gross book value	1,901	1,437	3,338
Accumulated depreciation	(1,258)	(1,279)	(2,537)
Net book value at 1 January 2021	**643**	**158**	**801**
Additions	292	29	321
Depreciation charge	(205)	(110)	(314)
Net book value at 31 December 2021	**730**	**77**	**808**
Gross book value	2,193	1,466	3,659
Accumulated depreciation	(1,463)	(1,388)	(2,851)

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

18 INTANGIBLES

Intangibles of the Group are represented mainly by software licences acquired and by internally generated software. The Group has no intangibles with indefinite useful life. Licenses and internallly generated software are recognised at historical cost less amortisation and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

Amortisation for software licences and for internally generated software is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives of 3 to 5 years.

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

	2021 Software licensees	**2020 Software licensees**
Gross book value	4,411	2,929
Accumulated amortization	2,796	2,583
Net book value at 1 January	**1,615**	**346**
Additions	4,463	1,482
Amortisation charge	360	213
Gross book value	8,874	4,411
Accumulated amortization	3,156	2,796
Net book value at 31 December	**5,718**	**1,615**
Gross book value	8,874	4,411
Accumulated amortization	3,156	2,796

Main additions of licenses are represented by the implementation of SAP 4Hana, which is currently in process within the Company. The new core system and operational modules are planned and expective to be live starting January 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.

19 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 consolidated 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 consolidated financial statements; consequently, such related party transactions and outstanding balances between group members are not disclosed under IAS 24 in the consolidated financial statements. They are however disclosed in the separate financial statements of the Company.
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 2020: 87,269%).

Key management compensation

During 2021 compensation granted to key management personnel amounts to RON 7,415 thousands (2020: RON 6,233 thousands). It represents short term benefits, including monthly salaries and performace bonuses. There are no other types of benefits or commitments granted by the Group to key management.

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

Transactions with related parties

The following transactions were carried out during 2021 and 2020:

	2021	2020
Transactions with parent		
Interest expense	6,282	-
Transactions with other relates parties		
Interest income	12,844	12,043

During 2021 Agricover 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 970 (2020: thousand RON 565).

During 2021 Agricover 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 991 (2020: thousand RON 656).

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:

	2021	2020
Balances with parent		
Borrowings received	203,214	-
Balances with other relates parties		
Other financial assets	1,493	1,418
Other financial liabilities	939	690
Loans and advances to customers	6,096	426
Commitments to other related parties		
Letters of guarantees issued	5,500	6,500

20 ASSETS PLEDGED AS SECURITY

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

	31-Dec-21	31-Dec-20
Current Assets:		
Loans and receivables	1,226,885	847,715
Non-current assets:		
Loans and receivables	117,179	418,588

21 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 31 December 2021, the Group has issued guarantee letters with expiry period within 1 year with a total nominal value of RON 5.500 (31 December 2020: RON 6.500).

Revocable commitments

To meet the financial needs of customers, the Group enters into various revocable 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 note 8.i). As at 31 December 2021 the undrawn balance of the credit lines granted by the Group amounts to 185.5 million RON (31 December 2020: 191.86 miilion RON). All such commitments are revocable as it is not in the Group's practice to grant irrevocable loan commitments.

The Group's policy is to approve any withdrawals from credit lines formally, 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.

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

The COVID-19 pandemic created short-term disruptions and provoked long-term changes in how the world lives and does business. Russia's invasion of Ukraine is now doing the same (refer to Note23).

Romania and EU implemented a wide range of programs to minimize the impact of the pandemic on the economic environment in general and on specific categories of individuals or legal entities. Such measures included certain types of moratoria related to payments of loan obligations by debtors. During 2020 the Group rescheduled the contractual payments for 21 customers under the legal requirements of the moratoria (total modified exposure amounts at 31 December 2020 to 4,2 million RON for loans and advances backed by collaterals with adjusted fair value of 3 million RON). No other loans were modified in 2021. All loans modified under the requirements of the moratoria were recovered before 31 December 2021.

The COVID-19 pandemic accelerated online purchases and interactions at an unprecedented rate. In response to such trends, during 2021 the Group started developing a self-care platform where farmers can view and manage their financing relationship with the Company. The platform is expected to be launched during the first half of 2022.

Overall, the Group adapted well to the challenges posed by the COVID-19 pandemic, which in 2020 were aggravated by a severe draught with significant impact on the yields of Romanian farmers. Nevertheless the Group was profitable in 2020 and increased its net profit by 35% in 2021 as compared to the prior year. No other significant negative impacts of the COVID-19 pandemic were incurred by the Group or are expected in the foreseeable future

(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.

22 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	Reference/ Note	31 December 2021	31 December 2020
=A/B*100%	**Capital ratio***		**25.64%**	**28.12%**
A	Own funds	10	388,816	352,697
B	Total aggregate exposure	10	1,516,520	1,254,200

Other performance indicators

#	performance indicator	Reference/ Note	31 December 2021	31 December 2020
=C/D*100%	**Non-Performing Loan ratio**		**2.66%**	**3.26%**
C	Gross carrying amount “GCA” Stage 3	8	53,225	55,298
D	Total gross carrying amount “GCA”	8	1,998,009	1,694,692
=F/E*100%	**Risk to earnings ratio**		**3.03%**	**18.51%**
E	Net interest income	SOCI*	116,944	111,209
F	Net expense from impairment losses on loans and advances to customers	SOCI	3,546	20,585
=(G+H)/(E+I +J)*100%	**Cost income ratio**		**40.64%**	**36.59%**
E	Net interest income	SOCI	116,944	111,209
G	General and administrative expenses	SOCI	46,230	38,566
H	Other operating expenses	SOCI	4,508	3,870
I	Net fee and commission income	SOCI	7,231	4,739
J	Other operating income	SOCI	682	40

* SOCI – Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

23 EVENTS AFTER THE REPORTING PERIOD

In February 2022, the Russian Federation recognised the independence of two breakaway regions, Donetsk and Luhansk, in eastern Ukraine, and subsequently invaded Ukraine. The military conflict escalated and spread to other regions of Ukraine. The escalation of the military conflict and the international economic sanctions, imposed by multiple jurisdictions, against Russian Federation (and in certain cases Belarus) are likely to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

After several poor harvests, frantic buying during the pandemic and supply-chain issues since, global stocks are 31% below the five-year average. Wheat prices, which were already close to 50% above their 2017-21 average in mid-February, have risen by another 25% since the invasion of Ukraine started.

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 Romanian 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. The negative impact of increased inputs prices on the farmers' profit is balanced by higher output prices and higher international demand for crops. 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 could strengthen the strategic importance of the Romanian agriculture and have a positive impact on its development. However, as in any conflict, uncertainty is high. It is unclear how the military situation and political contexts, including sanctions and countermeasures will evolve – in either shorter or longer term.

In view of all the above, as at the date these consolidated financial statements were authorised for issue, the situation in Ukraine and its consequences on the economic environment are extremely volatile and inherently uncertain. While the Group does not have a significant direct exposure on neither Ukraine, Belarus or the Russian Federation, given the ongoing and dynamic nature of the conflict and its repercussions on the global and regional economic environments, the management concluded that a reliable estimate of the financial impact on the Group cannot be presently made. Main projects and investments initiated by the Group are continuing without any major disruptions as at the date of these consolidated financial statements were authorised for issue.

Appendix 4:
Agricover Holding

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Independent Auditors' Report

To the Shareholders of AGRICOVER HOLDING S.A.

B-dul. Pipera 1B, etaj 6, Cladirea de Birouri Cubic Center, Oras Voluntari, Romania
Unique Registration Code: 36036986

Report on the Audit of the Separate Financial Statements

Opinion

1. We have audited the separate financial statements of AGRICOVER HOLDING S.A. ("the Company"), which comprise the separate statement of financial position as at 31 December 2021, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information.

2. The separate financial statements as at and for the year ended 31 December 2021 are identified as follows:

   - Net assets/Total equity: RON 357,254 thousand
   - Net profit for the year: RON 10,521 thousand

   The separate financial statements have been signed with a qualified electronic signature on 7 April 2022 by Stefan Doru Bucataru, Administrator, at hour: 19, min: 22, sec: 35 and Liviu Dobre, General Manager, at hour: 18, min: 20, sec: 39.

3. In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2021, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 2844/2016 for approval of accounting regulations in accordance with International Financial Reporting Standards ("OMPF no. 2844/2016").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the separate financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no Key audit matters to be communicated in our audit report.

Other information

6. Board of Directors is responsible for the preparation and presentation of other information. The other information comprises the Annual Report, which includes, among others, the Board of Directors' Report, but does not include the separate financial statements and our auditors' report thereon.

   Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

   Other Reporting Responsibilities Related to Other Information –Board of Directors' Report

   With respect to the Board of Directors' Report we read and report whether the Board of Directors' Report is prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 15 – 19 of the accounting regulations in accordance with International Financial Reporting Standards.

   Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion:

   a) The information given in the Board of Directors' Report for the financial year for which the separate financial statements are prepared is consistent, in all material respects, with the separate financial statements;

   b) The Board of Directors' Report has been prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 15 – 19 of the accounting regulations in accordance with International Financial Reporting Standards.

   In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

7. Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with OMPF no. 2844/2016 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors’ Responsibility for the Audit of the Separate Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements - Report on Compliance with the ESEF Regulation

15. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the separate financial statements, as included in the Annual Report, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management

16. Management is responsible for the preparation of the separate financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes the preparation of the separate financial statements in the applicable xHTML format, including ensuring consistency between the digital format and the signed separate financial statements and the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

Auditors' Responsibilities

17. Our responsibility is to express an opinion on whether the separate financial statements included in the Annual Report comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

    A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included evaluating the appropriateness of the digital format of the separate financial statements and assessing consistency between the digital format and the digitally signed and audited separate financial statements.

    We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the separate financial statements of the Company, as included in the Annual Report, as at and for the year ended 31 December 2021 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

KPMG

Report on Other Legal and Regulatory Requirements -EU Regulation (EU) No 537/2014

18. We were appointed by the General Shareholders' Meeting on 25 May 2020 to audit the separate financial statements of AGRICOVER HOLDING S.A. for the year ended 31 December 2021. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2020 and 31 December 2021.

19. We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which we issued at the same date as the date of this audit report. We also remained independent of the audited Company in conducting the audit.
- we have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

The engagement partner on the audit resulting in this independent auditors' report is GIURCANEANU AURA STEFANA.

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

Aura Giurcăneanu

GIURCANEANU AURA STEFANA

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, 28 April 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

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2021

Prepared in accordance with the Order of the Ministry of Public Finance no. 2844/2016 approving the accounting regulations compliant with the
International Financial Reporting Standards

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Separate Statement of Financial Position as at

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

	Notes	31 December 2021	31 December 2020	1 January 2020
ASSETS				
Non-current assets				
Investments	17	325,830	341,918	321,883
Other receivables	13	1,730	2,831	4,404
Long term loans granted	15	196,349	-	-
		523,909	**344,749**	**326,287**
Current assets				
Other receivables	13	1,628	1,523	1,418
Other current assets		51	161	16
Current portion of long term loans granted	15	6,282	-	-
Cash and cash equivalents	14	1,550	1,526	2,792
Assets classified as held for sale	18	27,330	-	11,568
		36,841	**3,210**	**15,794**
Total assets		**560,750**	**347,959**	**342,081**
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	10	220,748	220,748	220,748
Other reserves	10	30,394	29,868	28,343
Retained earnings		106,112	96,117	90,467
		357,254	**346,733**	**339,558**
Non-current liabilities				
Long-term borrowings	15	196,923	-	-
		196,923	**-**	**-**
Current liabilities				
Trade and other payables		291	1,226	2,523
Current portion of long term borrowings	15	6,282	-	-
		6,573	**1,226**	**2,523**
Total liabilities		**203,496**	**1,226**	**2,523**
Total equity and liabilities		**560,750**	**347,959**	**342,081**

Separate Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31st of December

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

	Notes	2021	2020
Continuing operations			
Dividend income	4	14,502	21,156
Administrative expenses	7	(1,637)	(1,257)
Other operating expenses	17	(1,758)	-
Operating profit		**11,107**	**19,899**
Finance income	5	5,886	13
Finance costs	5	(6,472)	(63)
Profit before tax		**10,521**	**19,849**
Income tax expense	8	-	-
Profit for the year from continuing operations		**10,521**	**19,849**
Discontinued operations			
Profit/ (loss) from discontinued operations, net of tax	6	-	9,444
Profit for the year		**10,521**	**29,293**
Total comprehensive income for the year		**10,521**	**29,293**

Approved for issue and signed on behalf of the Board of Directors on 7 April 2022.

Ștefan Bucătaru — Liviu Dobre

Administrator — General Manager

Separate Statement of Changes in Equity

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

	Share capital and share premium	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2021	**220,748**	**29,868**	**96,117**	**346,733**
Profit for the year	-	-	10,521	**10,521**
Total comprehensive income for the year	**220,748**	**29,868**	**106,638**	**357,254**
Increase in legal reserve	-	526	(526)	**-**
Total transactions with owners of the Company	**-**	**526**	**(526)**	**-**
Balance as at 31 December 2021	**220,748**	**30,394**	**106,112**	**357,254**

	Share capital and share premium	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2020	**220,748**	**28,343**	**90,467**	**339,558**
Profit for the year	-	-	29,293	**29,293**
Total comprehensive income for the year	**220,748**	**28,343**	**119,760**	**368,851**
Increase in legal reserve	-	1,525	(1,525)	**-**
Dividends distribution	-	-	(22,118)	**(22,118)**
Total transactions with owners of the Company	**-**	**1,525**	**(23,643)**	**(22,118)**
Balance as at 31 December 2020	**220,748**	**29,868**	**96,117**	**346,733**

Separate Statement of Cash Flows
for the year ended 31st of December

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

	Notes	2021	2020
Cash Flows from operating activities			
Profit for the year - continuing operations		10,521	19,849
Profit for the year - discontinued operations	6	-	9,444
Write-down of investments	17	1,758	-
Gain from sale of participations	6	-	(9,444)
Unrealised foreign exchange differences, net		419	32
Dividend income	4	(14,502)	(21,156)
Interest income	5	(5,886)	(13)
Interest expense	5	6,443	31
Operating loss before changes in working capital		**(1,247)**	**(1,257)**
Changes in working capital			
Decrease in trade receivables and other current assets		1,656	1,336
Increase / (Decrease) in the trade and other liabilities balance		(935)	1,132
Operating profit after changes in working capital		**(526)**	**1,211**
Dividends received	4, 19	13,952	21,156
Net cash flows generated from operating activities		**13,426**	**22,367**
Cash Flows from investing activities			
Increase of investments in subsidiaries	17	(13,000)	(20,035)
Loans granted to subsidiaries	15	(194,205)	-
Net cash flows generated used in investing activities		**(207,205)**	**(20,035)**
Cash Flows from financing activities			
Dividends paid	6	-	(1,107)
Bonds issued	15	194,972	-
Paid fees directly related with bonds issued	15	(1,169)	-
Loan repaid (principal)	19	-	(2,390)
Interest paid	19	-	(101)
Net cash flows generated from / (used in) financing activities		**193,803**	**(3,598)**
Net increase/(decrease) in cash and cash equivalents		24	(1,266)
Cash and cash equivalents at the beginning of the year		**1,526**	**2,792**
Net increase/(decrease) in cash and cash equivalents		24	(1,266)
Cash and cash equivalents at the end of the year		**1,550**	**1,526**

Notes to the Separate 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 Company and its structure as well as significant accounting policies that relate to the separate financial statements as a whole. Significant accounting policies and related estimates, judgements and assumptions in the application of those policies specific to a particular item are included within the note referring to that specific item. Accounting policies relating to non-material items are not included in these financial statements.

1 GENERAL INFORMATION

Agricover Holding SA ('the Company") is a holding entity, incorporated in 2018 being registered at Trade Register with the fiscal number J23/447/2018. The Company is domiciled in Romania.

The Company's headquarter is located at 1B Pipera Blvd, Voluntari, Ilfov, Romania.

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

- Agricover SA ("Agribusiness division"), specialized in the distribution of agricultural technologies and inputs – seeds, pesticides, fertilisers or diesel.
- Agricover Credit IFN ("Agrifinance division"), non-banking financial institution specialized in financing farmers; currently with a portfolio of three main categories of products: capex, credit lines and factoring; all designed with the needs of the farmers in mind, having tailored maturities which are usually correlated with the harvesting and sale of crops seasons;
- Agricover Technology ("Agritech division"), software as a service aimed at providing farmers with access to innovations within the industry through digital technologies,
- Abatorul Peris ("Agrifood division"), specialized in pig slaughtering and pork processing, held for distribution as of 31 December 2021.

As of December 31st, 2021, the Group prepared consolidated financial statements which are available on the Company's website: www.agricover.ro/relatii-investitori.

2 BASIS OF PREPARATION

Compliance statement

These separate financial statements as at and for the year ended 31 December 2021 have been prepared in accordance with Order no. 2844 for the approval of accounting regulations in accordance with the International Financial Reporting Standards issued by the Romanian Ministry of Finance on 12th of December 2016, with subsequent amendments and modifications ("Order 2844") and are in compliance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

For all periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with local generally accepted accounting principles (Order no. 1802 for the approval of the accounting rules regarding annual consolidated and separate financial statements issued by the Romanian Ministry of Finance on 29th of December 2014 with subsequent amendments and modification, referred in these separate financial statements as "Local GAAP"). These separate financial statements for the year ended 31 December 2021 are the first the Company has prepared in accordance with IFRS. Refer to Note 3 for information on how the Company adopted IFRS.

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

Historical cost convention

These separate financial statements have been prepared under the historical cost convention.

Consistent application of accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below in the relevant Notes to these separate financial statements and have been consistently applied to all the periods presented. The preparation of financial statements in accordance with Order 2844 requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant, are disclosed in the relevant Notes to these separate financial statements (for further detail please refer to note 8).

Functional and presentation currency

These separate 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 separate financial statements are prepared on this basis.

New IFRS standards effective after January 1st, 2022 early adopted by the Company

The Company has early adopted the narrow scope amendments to **IAS 1, Practice statement 2 and IAS 8**. These amendments aim to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Accounting policy information is material if it is necessary for the users of the financial statements to understand other material information in the financial statements. Entity-specific information is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the IFRSs.

In implementing these amendments, the Company has considered accounting policy information as material to these separate financial statements if that information relates to material transactions, including:

- policies selected by the Company from one or more options permitted by IFRSs,
- policies developed in accordance with IAS 8 in the absence of an IFRS that specifically applies,
- policies related to an area for which the Company makes significant judgements in applying an accounting policy, and the Company discloses those judgements,
- complex policies where users of the separate financial statements would otherwise not understand material transactions, other events or conditions as applicable.

In preparing these separate financial statements, together with implementing the amendments to IAS, Practice statement 2 and IAS 8, the Company has considered the recommendations of the IASB as part of their Better Communication in Financial Reporting projects.

New IFRS standards effective for annual periods beginning after 1 January 2021 not early adopted by the Company

A number of other new amendments to the standards are required to be applied for annual periods beginning after January 1st, 2021, and that are available for early adoption in annual periods beginning on January 1st, 2021. The Company has not early adopted the following new or amended standards in preparing these separate financial statements and are not expected to have a significant impact on the Company's separate financial statements:

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the instead 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. Effective date: annual periods beginning on or after April 1st, 2021.

Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Effective date: deferred until accounting periods starting not earlier than January 1st, 2024.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective date: annual periods beginning on or after January 1st, 2023.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16:

- **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss and other comprehensive income in the financial statements.
- **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.
- **Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.** Effective date: annual periods beginning on or after January 1st, 2022.

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

This section provides information about the Company's first-time adoption of IFRS and exceptions and exemptions applied by the Company as part of its transition.

3 FIRST-TIME ADOPTION OF IFRS

These separate financial statements, for the year ended 31 December 2021, are the first the Company has prepared financial statements in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with local GAAP.

Accordingly, the Company has prepared separate financial statements that comply with IFRS as applicable at 31 December 2021, together with the comparative period data for the year ended 31 December 2020. In preparing these separate financial statements, the Company's opening statement of financial position was prepared as at 1 January 2020, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its local GAAP financial statements, including the statement of financial position as at 1 January 2020 and the financial statements as of, and for the year ended 31 December 2020.

IFRS 1 requires an entity to use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements (the first annual financial statements in which an entity adopts IFRS by an explicit and unreserved statement of compliance with IFRS). Those accounting policies must comply with each IFRS effective at the end of its first IFRS reporting period, except as specified in IFRS 1.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under IFRS.

The Company has applied the following exemption:

- **Deemed cost**

The Company chooses to measure all its investments in its separate opening IFRS statement of financial position at deemed cost, representing the carrying amounts from previous local GAAP financial statements.

Apart for the above exemption, no other exemptions or exceptions as allowed by IFRS 1 were applied by the Company in preparing these separate financial statements.

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

Reconciliation of Local GAAP to IFRS statements

The reconciliation of the statement of financial position under Local GAAP and IFRS as at 1 January 2020 (date of transition to IFRS):

	Notes	Local GAAP	Effect of transition to IFRS	IFRS as at 1 January 2020
ASSETS				
Non-current assets				
Investments	i.a)	-	321,883	321,883
Other receivables	i.a)	-	4,404	4,404
Non-current financial assets	i.a), i.b)	332,113	(332,113)	-
		332,113	**(5,826)**	**326,287**
Current assets				
Trade and other receivables	i.a)	5,822	(4,404)	1,418
Other current assets	i.a)	-	16	16
Cash and cash equivalents		2,792	-	2,792
Prepayments	i.a)	16	(16)	-
Assets classified as held for sale	i.b)	-	11,568	11,568
		8,630	**7,164**	**15,794**
Total assets		**340,743**	**1,338**	**342,081**
EQUITY AND LIABILITIES				
Equity				
Share capital	i.a)	(216,397)	(4,351)	(220,748)
Share premium	i.a)	(4,351)	4,351	-
Other reserves		(28,343)	-	(28,343)
Retained earnings	i.a)	(61,087)	(29,380)	(90,467)
Profit/(loss) for the year	i.a)	(29,518)	29,518	-
Profit appropriation	i.a)	1,476	(1,476)	-
		(338,220)	**(1,338)**	**(339,558)**
Non-current liabilities				
Long-term borrowings		-	-	
		-	**-**	**-**
Current liabilities				
Trade and other payables		(2,523)	-	(2,523)
		(2,523)	**-**	**(2,523)**
Total liabilities		**(2,523)**	**-**	**(2,523)**
Total equity and liabilities		**(340,743)**	**(1,338)**	**(342,081)**

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

The reconciliation of the statement of financial position under Local GAAP and IFRS as at 31 December 2020

	Notes	Local GAAP	Effect of transition to IFRS	IFRS as at 31 December 2020
ASSETS				
Non-current assets				
Investments	i.a)	-	341,918	341,918
Other receivables	i.a)	-	2,831	2,831
Non-current financial assets	i.a)	344,749	(344,749)	-
		344,749	**-**	**344,749**
Current assets				
Trade and other receivables		1,523	-	1,523
Other current assets	i.a), i.c)	-	161	161
Cash and cash equivalents		1,526	-	1,526
Prepayments	i.a)	28	(28)	-
		3,077	**133**	**3,210**
Total assets		**347,826**	**133**	**347,959**
EQUITY AND LIABILITIES				
Equity				
Share capital	i.a)	(216,397)	(4,351)	(220,748)
Share premium	i.a)	(4,351)	4,351	-
Other reserves		(29,868)	-	(29,868)
Retained earnings	i.a)	(68,282)	(27,835)	(96,117)
Profit/(loss) for the year	i.a)	(29,160)	29,160	-
Profit appropriation	i.a)	1,458	(1,458)	-
		(346,600)	**(133)**	**(346,733)**
Non-current liabilities				
Long-term borrowings		-	-	-
		-	**-**	**-**
Current liabilities				
Trade and other payables		(1,226)	-	(1,226)
		(1,226)	**-**	**(1,226)**
Total liabilities		**(1,226)**	**-**	**(1,226)**
Total equity and liabilities		**(347,826)**	**(133)**	**(347,959)**

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

The reconciliation of total comprehensive income for the year ended 31 December 2020

	Notes	Local GAAP	Effect of transition to IFRS	IFRS for the year ended 31 December 2020
Continuing operations				
Dividend income	i.a)	-	21,156	21,156
Administrative expenses	i.a), i.c)	-	(1,257)	(1,257)
Personnel expenses	i.a)	(467)	467	-
Other income	i.a)	42,181	(42,181)	-
Other operating expenses	i.a)	(12,554)	12,554	-
Operating profit / (loss)		**29,160**	**(9,261)**	**19,899**
Finance income	i.a)	-	13	13
Finance costs	i.a)	-	(63)	(63)
Profit before tax		**29,160**	**(9,311)**	**19,849**
Income tax expense		-	-	-
Profit from continuing operations		**29,160**	**(9,311)**	**19,849**
Discontinued operations				
Profit/ (loss) from discontinued operations, net of tax	i.b)	-	9,444	9,444
Profit for the year		**29,160**	**133**	**29,293**
Total comprehensive income for the year		**29,160**	**133**	**29,293**

Explanations of the differences between of equity as at 1 January 2020 and 31 December 2020 and total comprehensive income for the year ended 31 December 2020 under Local GAAP and, respectively, under IFRS are presented below.

a) Presentation in the financial position and comprehensive income statements

Under local GAAP, the Company was required to present a short version of the Statements of Financial Position for both 1st of January 2020 and 31st of December 2020 and short version of the Statement of Comprehensive Income for the year ended 31 December 2020.

To comply with principles of IFRS and specifically IAS 1 – Presentation of Financial Statements, the Company made reclassifications in its statements as identified above, mainly related to the separate presentation of investments in the statement of financial position and of dividend income in the statement of comprehensive income. Under IFRS the Company presents net gains or losses from sale or disposal of investments while gross presentation of related income and expense is prescribed by local GAAP.

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

b) Assets classified as held for sale

In September 2020 the Company sold its participation in one of its subsidiaries, Agriland Ferme SA (owned before the sale in proportion of 97%).

Agriland Ferme SA was set up following a spin off of around 10% of the activity of Agricover SA, as part of a group restructuring project initiated in September 2018 with the final objective of transferring Agriland Ferme SA to the main shareholder of the Company. The demerger project was approved by the court in March 2019. Based on the status of the group reorganisation project, at 31 December 2019 the sale of Agriland Ferme to the majority shareholder of the Company was assessed as highly probable and the carrying amount of the investment was presented as "Assets classified as held for sale" at 1 January 2020. The profit generated by the sale of this subsidiary was presented as "Profit/(loss) from discontinued operations, net of taxes" in the Statement of Comprehensive Income for the year ended 31 December 2020.

Local GAAP includes no similar classification requirements of assets held for sale and of profit/loss from discontinued operations in the Statement of Financial Position and in the Statement of Comprehensive Income, respectively.

c) Other current assets

Under Local GAAP, the Company incurred commissions and fees in amount of RON 133 thousand related to the bonds issue, which were recognised in the Statement of profit or loss and other comprehensive income for the year 31 December 2020.
Under IFRS, these costs were recognised as a reduction to the amortised cost of the bonds and are charged to profit or loss statement with through the effective interest rate method over the term of the bonds (refer to note 15).

d) Statement of cash flows and Statement of changes in equity as at 31 December 2020

Under local GAAP, the Company was not required to prepare Statement of Changes in Equity and Statement of Cash Flows for the year ended 31 December 2020.

Notes to the Separate 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 Company. The section covers significant accounting policies and significant judgements and estimates made in relation to particular items. The section concludes with details about the Company's tax result in the year and current and deferred tax assets and liabilities at the end of the period.

4 DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

During 2021 the Company recognised dividends from its subsidiary, Agricover SA in amount of RON 14,502 thousand (2020: 21,156 thousand).

5 FINANCE INCOME AND FINANCE COSTS

The Company offers loans to the other companies within the Group. To finance its loans granting activity, during 2021 the Company issued bonds – for more details please refer to Note 15.

Interest income and expenses are measured and recognised using the effective interest method, as prescribed by IFRS 9. Interest income and expense, as gained or incurred, are included in the statement of profit or loss within "Finance income" and "Finance costs".

The table below presents the breakdown of finance income and finance costs:

	2021	2020
Interest income	5,886	13
Finance income	**5,886**	**13**
Interest costs	(6,443)	(31)
Exchange rate differences, net	(29)	(32)
Finance cost	**(6,472)**	**(63)**
Total, net	**(586)**	**(49)**

6 PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

During 2020 the Company sold Agriland business to its majority shareholder. The consideration to be received amounted to RON 21,011 thousand and was representative of the fair value of the participation. The related receivables from the majority shareholder were set-off (i.e. net settled) against dividends payable (refer to Note 18), as follows:

		2020
A	Carrying amount of Agriland participation	(11,567)
B	Consideration to be received for the sale of the participation	21,011
C=A+B	**Profit for the year from discontinued operations**	**9,444**
D	Dividend payable to the majority shareholder	22,118
E	Compensation with receivables from the sale of the Agriland participation	(21,011)
F=D-E	**Dividends paid (cash outflow)**	**1,107**

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

7 ADMINISTRATIVE EXPENSES

The table below presents the breakdown of administrative expenses:

	2021	2020
Commission and fees	(998)	(682)
Salaries and related contributions	(413)	(467)
Other expenses	(226)	(108)
Total	**(1,637)**	**(1,257)**

8 CURRENT AND DEFERRED INCOME TAX

Current and deferred income tax charges are calculated on the basis of tax rates and the tax laws enacted or substantively enacted at the balance sheet date in Romania.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Significant Judgement – Income tax

Frequent modification of the tax laws applicable in Romania give rise to significant tax uncertainties including but not limited to the tax authorities interpretation of complex tax issues. Differences arising between the results of such interpretations and the assumptions made by the Company's management, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded, together with late payment interest and penalties. In Romania, tax periods remain open for 5 years. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

As of 31 December 2021 the Company has cummulative fiscal losses amounting to Ron 5,842 thousands (31 December 2020: RON 4,896 thousands; 1 January 2020: RON 3,195 thousands) for which no deferred tax has been recognised.

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

The expiration dates for the fiscal losses are presented below:

		Expiring date						
		31 Dec 2022	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2026**	**31 Dec 2027**	**31 Dec 2028**
Fiscal losses as at 31 Dec 2021	**5,842**	-	-	1,348	206	1,513	1,701	1,074
		31 Dec 2021	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2026**	**31 Dec 2027**
Fiscal losses as at 31 Dec 2020	**4,896**	128	-	-	1,348	206	1,513	1,701
		31 Dec 2020	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2026**
Fiscal losses as at 1 January 2020	**3,195**	-	128	-	-	1,348	206	1,513

The Company is an investment vehicle that controls four entities (refer to Note 0). In both 2021 and 2020 financial years, the Company received dividends from entities in which it has investments. While the Company expects to continue to receive dividends in the future, dividend income is a non-taxable income. Similar fiscal treatment applies to capital gains that might be obtained by the Company when selling all or part of its investments. Moreover interest income currently is and is expected to be in the future substantially similar to the related interest expense (main objective of the Company in attracting funds is to finance its subsidiaries and it does so generally by offering loans with similar characteristics or by share capital increases).

In this context and considering that the Company did not and does not plan to engage in other significant revenue generating activities, as of 31 December 2021 no deferred tax is recognised for fiscal losses carried forward (31 December 2020: 0; 1 January 2020: 0).

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.

9 FINANCIAL RISKS MANAGEMENT

The Company's activity is restricted to managing its investments and accessing the capital markets to attract funds for the entities within the Group (for further details please refer to Note 15).

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 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 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 debtors or market counterparties fail to fulfill their contractual obligations towards the Company.

a) Credit risk on loans granted and other financial assets

Credit risk arises mainly from loans granted by the Company to its subsidiaries.

Other financial assets which potentially subject the Company to credit risk consist mainly of cash equivalents, trade and other current and non-current receivables.

Other receivables non-current and current receivables refer mainly to receivables from the sale of a 10% participation in Agricover SA, one of the Company's subsidiaries. Part of the consideration from this sale was collected at the transaction date, while the remaining amount is to be collected over a longer term, up to 2024.

The Company's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the statement of financial position.

As at 31 December 2021 the Company assess the exposure to credit risk as minimal considering the credit quality of its subsidiaries and the financial standing of the banks where it holds current accounts or deposits. Expected credit losses under weighted average forward looking scenarios were assessed as immaterial and were not recognised in these separate financial statements.

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 Company is exposed to 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 within the Company are discussed in this note.

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

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

	31 December 2021 EUR	**31 December 2020** EUR	**1 January 2020** EUR
Assets			
Cash and bank balances	1,524	1,430	6
Loans granted	202,631	-	-
Trade and other receivables	2,807	4,353	5,822
Total assets	206,962	5,783	5,828
Liabilities			
Issued bonds	(203,205)	-	-
Trade and other payables	(260)	(96)	(2,491)
Total Liabilities	(203,465)	(96)	(2,491)
Net financial position	**3,497**	**5,687**	**3,337**

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

	2021 EUR strengthening by 3.4%	**2020** EUR strengthening by 2.5%
Gain / (loss) before tax	119	142

b) Interest rate risk

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

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

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.

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans granted	-	-	-	202,631	**202,631**
Other receivables, non-current	-	-	-	1,730	**1,730**
Trade and other receivables	-	-	1,628	-	**1,628**
Cash and cash equivalents	1,550	-	-	-	**1,550**
Total financial assets	**1,550**	**-**	**1,628**	**204,361**	**207,539**
Issued bonds	-	-	-	(203,205)	**(203,205)**
Trade and other payables	(290)	-	-	-	**(290)**
Total financial liabilities	**(290)**	**-**	**-**	**(203,205)**	**(203,495)**
Interest repricing gap	**1,260**	**-**	**1,628**	**1,156**	**4,044**

Comparative information as at 31 December 2020 is presented below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Other receivables, non-current	-	-	-	2,831	**2,831**
Trade and other receivables	-	-	1,523	-	**1,523**
Cash and cash equivalents	1,526	-	-	-	**1,526**
Total financial assets	**1,526**	**-**	**1,523**	**2,831**	**5,880**
Trade and other payables	(1,226)	-	-	-	**(1,226)**
Total financial liabilities	**(1,226)**	**-**	**-**	**-**	**(1,226)**
Interest repricing gap	**300**	**-**	**1,523**	**2,831**	**4,654**

Comparative information as at 1 January 2020 is presented below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Other receivables, non-current	-	-	-	4,404	**4,404**
Trade and other receivables	-	-	1,418	-	**1,418**
Cash and cash equivalents	2,792	-	-	-	**2,792**
Total financial assets	**2,792**	**-**	**1,418**	**4,404**	**8,614**
Trade and other payables	(2,522)	-	-	-	(2,522)
Total financial liabilities	**(2,522)**	**-**	**-**	**-**	**(2,522)**
Interest repricing gap	**269**	**-**	**1,418**	**4,404**	**6,092**

Substantially all financial assets and liabilities of the Company bear fixed interest rate or are interest free. The Company's exposure to cash flow interest rate risk is minimal.

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

iii. Liquidity Risk

Liquidity risk is defined as the risk that the Company does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has matched the terms of loans and advances granted with the issued bonds and has arranged for funding sources in addition to its core capital base.

The management of the Company is responsible to ensure the liquidity risk strategy is executed.

Prudent liquidity risk management also implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

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

Analysis of financial assets and liabilities

The Company manages its exposure to the liquidity risk using a maturity structure of its monetary assets and liabilities based on contractual maturities of assets and liabilities with set payment terms and on expected cash flows for those assets or liabilities without specific maturities. The table below shows how the Company manages its liquidity risk by presenting the undiscounted cash flows of monetary assets and liabilities on time bands, based on their contractual maturities.

31 December 2021	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**more than 5 years**	**total**
Other receivables, non-current	-	-	926	804	-	**1,730**
Trade and other receivables	550	1,078	-	-	-	**1,628**
Loans granted	6,927	-	6,927	218,706	-	**232,560**
Cash and cash equivalents	1,550	-	-	-	-	**1,550**
Expected inflows on assets	**9,027**	**1,078**	**7,853**	**219,510**	**-**	**237,469**
Issued bonds	(6,927)	-	(6,927)	(218,706)	-	**(232,561)**
Trade and other payables	(290)	-	-	-	-	**(290)**
Expected outflows on liabilities	**(7,217)**	**-**	**(6,927)**	**(218,706)**	-	**(232,851)**
Net gap	**1,810**	**1,078**	**926**	**804**	**-**	**4,618**

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

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**more than 5 years**	**total**
Other receivables, non-current	-	-	1,419	1,412	-	**2,381**
Trade and other receivables	-	1,523	-	-	-	**1,523**
Cash and cash equivalents	1,526	-	-	-	-	**1,526**
Expected inflows on assets	**1,526**	**1,523**	**1,419**	**1,412**	**-**	**5,880**
Trade and other payables	(1,226)	-	-	-		**(1,226)**
Expected outflows on liabilities	**(1,226)**	**-**	**-**	**-**	**-**	**(1,226)**
Net gap	**300**	**1,523**	**1,419**	**1,412**	**-**	**4,654**

Comparative analysis as at 1 January 2020 is presented below:

1 January 2020	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**more than 5 years**	**total**
Other receivables, non-current	-	-	1,532	2,872	-	**4,404**
Trade and other receivables	-	1,418	-	-	-	**1,418**
Cash and cash equivalents	2,792	-	-	-	-	**2,792**
Expected inflows on assets	**2,792**	**1,418**	**1,532**	**2,872**	**-**	**8,614**
Trade and other payables	(2,522)	-	-	-	-	**(2,522)**
Expected outflows on liabilities	**(2,522)**	**-**	**-**	**-**	**-**	**(2,522)**
Net gap	**269**	**1,418**	**1,532**	**2,872**	**-**	**6,092**

All financial assets and liabilities of the Company are commited (i.e. the creditor does not have an unconditional right to request settlement before respective maturities).

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

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

10 EQUITY

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

	31 December 2021	31 December 2020	1 January 2020
Authorised	2,163,968,075	2,163,968,075	2,163,968,075
ordinary shares of 0,1RON each, *owned by:*			
Mr. Kanani Jabbar	1,888,469,175	1,888,469,175	1,888,469,175
EBRD	275,414,102	275,414,102	275,414,102
Others	84,798	84,798	84,798

Issued share capital amount, as well as the shareholding structure of the Company, and the share pemium balances are detailed below:

	31 December 2021		31 December 2020		1 January 2020	
	%	RON thousands	%	RON thousands	%	RON thousands
Mr. Kanani Jabbar	87.269	188,847	87.269	188,847	87.269	188,847
EBRD	12.727	27,541	12.727	27,541	12.727	27,541
Others	0.004	9	0.004	9	0.004	9
Total	**100**	**216,397**	**100**	**216,397**	**100**	**216,397**
Share premium		4,351		4,351		4,351
Share capital and share premium		**220,748**		**220,748**		**220,748**

Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in reserves during the years.

	Total	Legal reserves	Other reserves
As of 1 January 2020	**28,343**	**3,057**	**25,286**
Transfer from accounting profit	1,525	1,525	-
As of 31 December 2020	**29,868**	**4,582**	**25,286**
Transfer from accounting profit	526	526	-
As of 31 December 2021	**30,394**	**5,108**	**25,286**

Legal reserves: legal provisions require the Company that, at the end of each financial year, at least 5% of its accounting profit to be transferred to legal reserves until the balance of legal reserves reaches 20% of the Company's share capital. As of 31 December 2021, the balance of non-distributable legal reserve of the Company amounted to RON 5,108 thousand (31 December 2020: RON 4,582 thousand).

Other reserves: profit carried forward by some of the Company's subsidiaries at the date when these where transferred to the Company through spin-offs from entities under common control with the Company.

11 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 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.

(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, related accounting policies for recognising and measuring financial instruments.

12 OVERVIEW OF FINANCIAL INSTRUMENTS

An overview of the financial instruments held by the Company is presented below:

	Note	31 December 2021	31 December 2020	1 January 2020
Financial assets at amortised cost:				
Other receivables non-current	13	1,730	2,831	4,404
Loans granted	15	202,631	-	-
Other receivables	13	1,628	1,523	1,418
Cash and cash equivalents	13	1,550	1,526	2,792
Financial liabilities at amortised cost:				
Borrowings	15	(203,205)	-	-
Trade and other payables		(291)	(1,226)	(2,523)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Classification and subsequent measurement

Classification and subsequent measurement depend on:

i. the Company's business model for managing the asset – it reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of asset; and
ii. the cash flow characteristics of the asset – namely whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

Based on these factors, the Company classifies its financial assets as at amortised cost, cash and cash equivalents, receivables and loans and advances granted are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI').

The amortised cost is the amount at which the financial instrument (asset or liability) is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Classification of financial liabilities

Company's financial liabilities are classified as subsequently measured at amortised cost.

Modifications

If the terms of a financial instrument are modified, then the Company evaluates whether the cash flows of the modified instrument are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial instrument (asset or liability) are deemed to have expired. In this case, the original financial instrument is derecognised and a new financial instrument is recognised. Any fees received or paid as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset or liability and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset or liability; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows on a financial asset are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In all other cases a gain or loss on the modification of a financial asset is presented as interest income. Gains or losses on the modification of a financial liability are presented as interest expense.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Loans granted, investments and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of forced execution and a failure to make contractual payments for a period of greater than three years. Any subsequent recoveries of amounts previously written off are credited to net credit losses on financial assets, in profit or loss for the year.

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

13 OTHER RECEIVABLES

Other receivables represent mainly the remaining consideration to be received following the sale of a 10% participation in Agricover SA (refer to Note 9 i.a) for further details).

	31 December 2021	31 December 2020	1 January 2020
Other receivables	3,358	4,354	5,822
Total, *of which:*	**3,358**	**4,354**	**5,822**
Receivables from related parties (*)	*550*	*-*	*-*
Other receivables	*2,808*	*4,354*	*5,822*
current portion	**1,628**	**1,523**	**1,418**
non-current portion	**1,730**	**2,831**	**4,404**

(*) Receivables from related parties represent dividends to be received from Agricover SA. For balances and transactions with related parties please refer to Note 19.

14 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, with maturities of 3 months or less.

As at 31 December 2021 and 31 December 2020, Cash and cash equivalents presented in the Statement of financial position and in the Statement of cash flows are represented by current accounts held with highly reputable local banks.

15 BORROWINGS AND LOANS GRANTED

	31 December 2021	31 December 2020	1 January 2020
Non-current			
Issued bonds	196,923	-	-
Total long-term borrowings	**196,923**	**-**	**-**
Current			
Isued bonds	6,282	-	-
Current portion of long-term borrowings	**6,282**	**-**	**-**
Total borrowings	**203,205**	**-**	**-**

Issued bonds

During 2021, the Company issued a 40 million EUR fixed rate bond with 5 years maturity. The bond is unsecured and includes certain financial covenants that the Company or its subsidiaries have to comply with.

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

Compliance with covenants

The Company has complied with all financial covenants imposed by the issued bond during 2021. Non-compliance with financial covenants would result in the bondholders having the right to early call the bond, at its nominal value plus any accrued interest, provided that at least 25% of the bondholders are in favour of exercising this contingent option.

Significant changes in the Company's liabilities as arising from its financing activities are presented here:

	2021	2020
at 1 January	**-**	**-**
Withdrawals	194,972	-
Paid fees and commissions	(1,168)	
Interest accrued during the period	6,443	-
Repayments	-	-
Foreign exchange rate effect	2,958	-
at 31 December	**203,205**	**-**

The proceeds from bonds were used to finance the loans granted by Agricover Credit IFN. An intra-group loan was granted by the Company in this respect, which mirrors the terms and conditions of the issued bonds. Namely, the Company granted to the Agricover Credit IFN a credit facility of EUR 40 million to be repayed in full on 31 January 2026. The interest amounting to EUR 1.4 million is annually due on 31st of January. The borrower paid fees and commissions directly related to the bond issued of EUR 241 thousands which were capitalized and will be expensed during the facility agreement period through the effective interest rate method.

16 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).

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

i. 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 is 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.

During 2021, the Company issued a 40 million EUR fixed rate bond with 5 years maturity. Starting with March 31st, 2021, the bonds are listed on the Stock Exchange Bucharest. The proceeds from bonds were used to finance the loans granting activity of the Agrifinance division. Thei fair values of the bonds and the loan are presented below:

31 December 2021	Level 1	Level 2	Level 3	Total
Loans granted	-	209,902	-	**209,902**
Issued bonds	(209,902)	-	-	**(209,902)**

All other financial assets and liabilities presented on the Company's statement of financial position and measure at amortised cost have their fair values approximated by the carrying value.

Techniques and inputs used to determine level 2 fair values

As the terms and conditions of the loan granted mirrors the terms and conditions of issued bonds, the fair value of the bonds was assessed as a reasonable approximation of the fair value of the loan.

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

This section includes information about the Company's investments, includind related accounting policies for recognising and measuring investments .

17 INVESTMENTS

Subsidiaries are those investees that the Company controls because it has:

- power to direct their activities that significantly affect their returns,
- exposure, or rights, to variable returns from its involvement with the investees, and
- the ability to use its power over the investees to affect the amount of the investor's returns.

Associates are entities over which the Company has significant influence.

In its separate financial statements the Company measures its investments in subsidiaries and associates at cost.

The table below presents the breakdown of investments:

	31 December 2021	31 December 2020	1 January 2020
Investments in subsidiaries	325,830	340,160	320,125
Investments in associated entities	-	1,758	1,758
Total	**325,830**	**341,918**	**321,883**

Company's investments in subsidiaries are detailed in the below table.

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

The table below presents details of investments in subsidiaries and investments in associated entities:

Entity name	Country	Relationship	% participation as at 31 Dec 2021	31 Dec 2020	1 Jan 2020	thousand RON as at 31 Dec 2021	31 Dec 2020	1 Jan 2020
Agricover Credit IFN	Romania	Subsidiary	99.99%	99.99%	99.99%	130,544	130,544	120,544
Agricover SA	Romania	Subsidiary	86.62%	86.62%	86.62%	182,241	182,241	182,241
Abatorul Peris SA (*)	Romania	Subsidiary	-	96.84%	96.84%	-	27,330	17,340
Agricover Technology SRL (**)	Romania	Subsidiary	100%	100%	-	13,045	45	-
Agroadice SRL	Romania	Subsidiary	50%	50%	50%	-	-	-
Investments in subsidiaries						**325,830**	**340,160**	**320,125**
Danube Grain Services SRL (***)	Romania	Associate	24%	24%	24%	-	1,758	1,758
Investments in associates						**-**	**1,758**	**1,758**
Total investments						**325,830**	**341,918**	**321,883**

(*) Abatorul Peris SA is currently classified as held for sale and presented as discontinued operation in these separate financial statements (Note 18).

(**) Two rounds of share capital increase in Agricover Technology SRL, wholly owned by the Company, were performed in 2021:

- RON 3,000 thousands, cash contribution, in July, and
- RON 10,000 thousands, cash contribution, in December.

(***) As of December 31st, 2021 the Company's management analysed the investment in its associate, Danube Grain Services SRL and concluded that it is no longer recoverable. Under IFRS and the Company's accounting policies, investments are written off where there is no reasonable expectation of recovery. The Company recognized related losses of RON 1,758. These are presented in the Statement of Comprehensive Income under Other operating expenses. The Company is part of a litigation whereby the majority shtareholders of Danube Grain Services SRL request the Company's forced exit from the shareholding structure of Danube Garin Services. The first court instance rejected the claim in October 2021, decision which was later appealed by the plaintiff. As a result of this litigation or otherwise, the Company's loss cannot be greater than the carrying amount of its investment.

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

18 NON-CURRENT ASSETS CLASSIFIED HELD FOR SALE

In these separate financial statements, the following business lines were presented as discontinued: as of 31 December 2021, Abatorul Peris SA, and as of 1 January 2020, Agriland Ferme SA.

During 2020 the Company sold its shares in Agriland Ferme SA to its main shareholder. The consideration to be received amouting to RON 21,011 thousands was netted off against the dividends payable to the shareholder.

During 2021, with a view to improve efficiency of resources and better manage risks, the Company decided to divest its Agrifood assets represented by its subsidiary Abatorul Peris SA, which was transferred in 2022 to a new holding entity with the same shareholding structure as the Company.

The demerger project was approved by the board of directors of Agricover Holding on 26th of May 2021 and then by the shareholders on 11th of August. The demerger project was finalized in February 2022, when the investment was derecognised.

(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 separete financial statements.

19 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 separate financial statements
Parent	Entity / individual that controls the Company	the main shareholder of the Company is Mr. Kanani Jabbar; significant transactions with the Parent are disclosed below in this note.
Subsidiaries	entities controlled by the Company (refer to Note 17)	significant transactions with subsidiaries are disclosed below in this note.
Associates	entity over which the Company has significant influence	there are no significant transactions between the Company and its associates.
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	significant transactions with other related parties are disclosed below in this note.

Mr. Kanani Jabbar, the ultimate beneficial owner of the Group, owns 87,269% of the share capital of the Company (31 December 2020: 87,269%, 1 January 2020: 87,269%). EBRD is the other significant shareholder of the Company, owning 12.727% of its share capital (31 December 2020: 12.727%, 1 January 2020: 12.727%).

Key management compensation

During 2021 compensation granted to key management personnel amounts to RON 654 (2020: RON 692 thousands). It represents short term benefits, including monthly salaries and performace bonuses. There are no other types of benefits or commitments granted by the Company to key management.

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

Transactions

The following transactions with related parties were carried out during 2021 and 2020:

	Note	2021	2020
Transactions with parent			
Income from sale of shares	6	-	21,011
Transactions with subsidiaries			
Dividend income	4	14,502	21,156
Interest income	5	5,880	-
Transactions with other related parties:			
Purchase of goods / services		(6)	(6)

Outstanding balances

The following balances are outstanding at the end of each the reporting periods in relation to transactions above:

	Note	31 December 2021	31 December 2020	1 January 2020
Balances with parent		***-***	***-***	***(2,491)***
Loans received		-	-	(2,491)
Balances with subsidiaries:		***203,181***	***-***	***-***
Trade and other receivables	13	550	-	-
Loans granted	15	202,631	-	-

20 COMMITMENTS AND CONTINGENCIES

Contingent liabilities

The COVID-19 pandemic created short-term disruptions and provoked long-term changes in how the world lives and does business. Russia’s invasion of Ukraine is now doing the same (refer to Note 21).

Overall, the Company and its subsidiaries adapted well to the challenges posed by the COVID-19 pandemic, which in 2020 were aggravated by a severe draught with significant impact on the yields of Romanian farmers. In these difficult environment the group kept profitable and no other significant negative impacts of the COVID-19 pandemic were incurred or are expected in the foreseeable future (further refer to the consolidated financial statements published by the Company).

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

21 EVENTS AFTER THE REPORTING PERIOD

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 are likely to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

The destabilization of the agribusiness sectors in both Ukraine and Russia could strengthen the strategic importance of the Romanian agriculture and have a positive impact on its development. However, as in any conflict, uncertainty is high. It is unclear how the military situation and political contexts, including sanctions and countermeasures will evolve – in either shorter or longer term.

In view of all the above, as at the date these separate financial statements were authorised for issue, the situation in Ukraine and its consequences on the economic environment are extremely volatile and inherently uncertain. While the Company or its subsidiaries do not have a significant direct exposure on neither Ukraine or the Russian Federation, given the ongoing and dynamic nature of the conflict and its repercussions on the global and regional economic environments, the management concluded that a reliable estimate of the financial impact on the Company or its subsidiaries cannot be presently made. Main projects and investments initiated within the group are continuing without any major disruptions as at the date of these separate financial statements were authorised for issue (further refer to the consolidated financial statements published by the Company).

Appendix 5:

Related Parties List

1. Abatorul Peris SA
2. Adama Agricultural Solutions SRL
3. Adama Agriculture B.V
4. Agricola Cornatelu SRL
5. Agricover Credit IFN SA
6. Agricover Holding SA
7. Agricover SA
8. Agricover Technology SRL
9. Agriland Company SRL
10. Agriland Ferme SRL
11. Agroadvice SRL
12. Bere Spirt Turnu Severin SA
13. Bucataru Andrada Ioana
14. Bucataru Marilena
15. Bucataru Stefan Doru
16. Bucataru Tudor George
17. Cam Ada
18. Cam Gurhan
19. Cam Ruzgar
20. Carpatina Beverages SA
21. Casa Leia SRL
22. CCI Cardinal Equity SA
23. Clubul Fermierilor Romani Broker de Asigurare SRL
24. Clubul Fermierilor Români pentru Agricultura Performanta
25. Danube Grain Services SRL
26. Deniz Portfoy A.S.
27. Dobre Liviu
28. Dobre Matei Alexandru
29. Dumitrache Constantin
30. Dumitrache Daniela Elena
31. Dumitrescu Adara
32. Dumitrescu Aura Elena
33. Elling Bastiaan
34. Elling Daniel
35. Elling Martinus
36. Elling Saskia
37. Fastpay A.S.
38. Fedorovici Ionita Elena Ioana
39. Fedorovici Liliana
40. Fedorovici Mihail
41. Fundatia Centrul Management Agricol
42. GP Services & Commerce
43. Granddis SRL
44. Heyborne ltd.
45. Idealasig Asistent in Brokeraj SRL
46. Kanani Jabbar
47. Kanani Kyia
48. Kanani Parsa
49. Lipomin SA
50. Manoliu Cosmin Paul
51. Manoliu Dan Stefan
52. Manoliu Mihaela Denisa
53. medDARE B.V.
54. Meyard Brigitte
55. Moayed Arnaut Valeria
56. Moayed Cyrus
57. Moayed Flora
58. Moayed Vargha
59. Neohub A.S.
60. Net Farming SRL
61. Pinca Gheorghe Eugen
62. Pinca Lara
63. Pinca Marinela Liliana
64. Prodal 94 SRL
65. Rekkers Ariane Elizabeth
66. Rekkers Ines Sabrina
67. Rekkers Marc Alexander Tudor
68. Rekkers Mariana Sabina
69. Rekkers Raissa Elena
70. Rekkers Ralph Willem
71. Rekkers Robert Cornelis
72. Rekkers Sophie Ana
73. Steldia Services Limited
74. Veldtster Inc
75. Vezentan Ioan Stelian