

CURRENT REPORT according to Law No. 24/2017 on issuers of financial instruments and market operations and ASF Regulation No 5/2018 on issuers of financial instruments and market operations

Date: 26.05.2021

AGRICOVER HOLDING SA

Head office:	Cubic Center Office Building, 6 th floor, Pipera Blvd 1B, Voluntari, Ilfov, 077191, Romania
Tel./fax number:	021 336 4645
E-mail:	elena.kurci@agricover.ro
Registration number:	J23/447/2018
CUI:	36036986
Equity:	RON 216,396,807.50
Capital Market:	Bucharest Stock Exchange, "corporate bonds", market symbol "AGV26E".

Important events to report:

- a) Changes in control over the issuer – **N/A.**
- b) Substantial acquisitions or alienation of assets – **N/A.**
- c) Insolvency, judicial reorganization or bankruptcy proceedings – **N/A.**
- d) Transactions of the type listed in Article 82 of Law No 24/2017– **N/A.**
- e) Other events: **Partial and Symmetrical Demerger of AGRICOVER HOLDING SA.**

AGRICOVER HOLDING SA informs investors that by the adoption of Decision no. AH12/26.05.2021, the Board of Directors, approved the following:

- 1.** The Project for the Partial and Symmetrical Demerger of AGRICOVER HOLDING SA, by detaching one part of its patrimony and its transferring, respectively the part corresponding of asset held in the Company ABATORUL PERIS SA (sole registration number 40890617, registered with the trader registry under number J23/1475/2019), to the newly established beneficiary company CCI CARDINAL EQUITY SA, in exchange for the allocation of shares of the Company CCI CARDINAL EQUITY SA to the shareholders of AGRICOVER HOLDING SA (detachment in the interest of shareholders) – hereinafter the “Project”.
- 2.** Approve the appointment of Mr. Kanani Jabbar, as a President of Board of Director, to sign the Project, as well as to comply with all legal formalities for mentioning this decision in Trade Registry and publishing it in the Official Gazette. Mr. Kanani Jabbar is hereby authorized

AGRICOVER HOLDING SA

to appoint any other person to carry out the mandate hereby granted.

The Project will be approved by the shareholders of Agricover Holding SA after the Project's publishing and expiring legal terms,

Following the Demerger, Agricover Holding shall continue to hold and manage its majority participations in Agricover SA (specialised in the distribution of agricultural technologies towards farmers), Agricover Credit IFN SA (non-banking financial institution specialised in financing farmers), and Agricover Technology SRL (by which the Group intends, starting with 2022, to provide farmers with access to the latest innovations in world agriculture, and practically facilitate the transforming by the same of the way they are carrying on their business by means of accessing digital technologies).

The food industry activities, namely those carried on by Abatorul Peris SA, shall be carried out, outside the perimeter of Agricover Group, under the aegis of a new majority shareholder, CCI Cardinal Equity, with the same shareholder structure as Agricover Holding SA.

The main arguments in favour of the demerger include:

- the fact that the business carried on by Abatorul Peris in the food industry (namely slaughtering pigs and processing pork) is different from the business carried on by the other entities held by Agricover Holding
- the fact that the trading profile of Abatorul Peris (mostly addressing the retail food market by selling pork and derived products) is different from the one of the other entities of the Agricover Group (addressing the farmers' wholesale market by selling technological and financial products/services);
- the fact that the risk profile of Abatorul Peris (which includes animal safety – for example the recent "AFRICAN SWINE FEVER", consumer safety – for example the recent pandemic with the "SARS-COV-19" virus, environment protection – for example the recent investments in the new Wastewater Treatment Plant) is different from the one of the other entities of the Agricover Group (which includes the control of chemicals with special treatment – for example the authorising of storage premises, of transportation means, and of the personnel handling the fertilisers);

The Board of Director intends to propose the shareholders of Agricover Holding SA that, by implementing the partial Demerger, to achieve an increased efficiency and predictability of the activities carried out by Agricover Group.

Thus, the benefits for the shareholders arising from implementing the Demerger, can be

summarised as follows:

- streamlining the usage of internal resources and attracting external resources for the optimisation of the profitable development of the entities in each business section (for example, food production on one hand, and distribution of agricultural technologies and farmer financing on the other);
- ensuring a more effective management, dedicated to managing each business segment (for example, food production on one hand, and distribution of agricultural technologies and farmer financing on the other hand), and increasing the capacity for faster adjustment to the changes and the different dynamics of the relevant markets;
- managing better the risks specific to each business segment (for example, food production on one hand, and distribution of agricultural technologies and farmer financing on the other hand), specialising and achieving increased flexibility in setting industry specific strategies and policies.

From the perspective of maximising the value for the shareholders, the segregation of the two business sections with significantly different profiles fits within the strategy of Agricover Group for efficient management of the risk of undervaluation of the combining of such business sections, under the umbrella of Agricover Holding SA, compared to their separate values.

After the Demerger, Agricover Holding shall continue to carry on the same main business.

Liviu DOBRE

Chief Executive Officer