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 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

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.

<table>
<tr><th colspan="2">Loss allowance for loans and advances granted to customers ("ECL") - Agrifinance segment</th></tr>
<tr><td colspan="2">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</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>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</td><td>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;</td></tr>
</table>

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.

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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 Giurcaneanu

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

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

Contents

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.

Notes to the Financial Statements
General Information and Basis of Preparation

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

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
Financial Performance

(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
Financial Performance

(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
Financial Performance

(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
Financial Performance

(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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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.

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

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

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which are not directly related to the distribution process (e.g. support functions including finance or human resources, headquarters rent etc.) are allocated to Administrative expenses. Those expenses related to headquarters cost centres which are directly related to the sales or distribution process (.e.g. expenses incurred with or related to purchases, logistics and sales teams) are allocated to Cost of sales. Headquarters rent is allocated between cost of sales and administrative expenses based on the area occupied by respective teams.

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

	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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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

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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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**

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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**

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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

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

disputed amounts. The credit risk on cash and cash equivalents is very small, since cash and cash equivalents are placed with financial institutions which are considered at time of deposit to have minimum risk of default.

i.2.2. Trade and other receivables

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 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

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

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 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.

(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	2020
	Interest rate (+100 b.p parallel shift)	*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

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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:

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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**

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(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

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

concentration is as follows:

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 such, the fair value of the derivative is classified as Level 2 in the fair value hierarchy.

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

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.

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Non-financial assets and liabilities

(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.

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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)

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

(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,

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

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.

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).

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.