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Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Shareholders,
Agricover SA

Introduction

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

Scope of Review

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

Conclusion

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

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

AURA STEFANA GIURCANEANU

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

Bucharest, 23 August 2021

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

KPMG Audit SRL

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

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

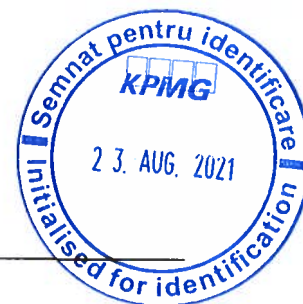
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CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2021

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

	Note	30 June 2021	31 December 2020*
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,136,803	3,253,984
Intangible assets	6	3,626,623	2,475,068
Right of use assets	12	11,085,150	11,542,903
Finance lease receivable from related parties – long term	22	-	57,518
Investments in associates		10	10
Other non-current receivables	8	19,276,635	18,827,134
Deferred tax asset	19	584,740	-
Total non-current assets		<u>37,709,961</u>	<u>36,156,617</u>
Current assets			
Inventories	7	87,922,544	55,862,988
Trade and other receivables	8	753,429,878	384,300,970
Finance lease receivable from related parties – short term	22	565,754	922,452
Cash and cash equivalents		384,508	681,520
Total current assets		<u>842,302,684</u>	<u>441,767,930</u>
Total assets		<u>880,012,645</u>	<u>477,924,547</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	10	10,463,636	10,463,636
Revaluation reserves		993,882	993,882
Other reserves		4,739,847	4,739,847
Retained earnings		98,390,622	99,416,717
Total equity		<u>114,587,987</u>	<u>115,614,082</u>
Non-current liabilities			
Borrowings and lease liabilities	11	4,722,938	5,252,435
Deferred tax liability	19	-	491,550
Total non-current liabilities		<u>4,722,938</u>	<u>5,743,985</u>
Current liabilities			
Trade and other payables	13	607,880,657	286,767,129
Income tax liability		3,262,127	2,186,456
Borrowings and lease liabilities	11	143,836,936	62,270,446
Contract liabilities	14	5,722,000	5,342,449
Total current liabilities		<u>760,701,720</u>	<u>356,566,480</u>
Total liabilities		<u>765,424,658</u>	<u>362,310,465</u>
Total equity and liabilities		<u>880,012,645</u>	<u>477,924,547</u>

*refer to Note 11 for details on the reclassification of 15 million RON borrowings from non-current to current liabilities

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

Liviu Dobre
President of the Board of Directors

Daniela Dumitrache
Chief Financial Officer

1 of 26
Digitally signed by
Liviu Dobre
Date: 2021.08.23 18:00:30

Digitally signed by
Daniela Elena Dumitrache
Date: 2021.08.23 18:01:46

The accompanying notes 1 to 23 are an integral part of these condensed interim financial statements.

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Continuing operations			
Revenue	15	699,606,020	550,582,433
Cost of sales	16	(656,711,566)	(516,875,786)
Impairment loss on trade and other receivables	8	(5,891,343)	(4,764,607)
Gross profit		37,003,111	28,942,040
Administrative expenses	17	(10,964,639)	(9,640,507)
Other expenses		(759,323)	(97,645)
Other income		304,800	308,953
Operating profit		25,583,949	19,512,841
Finance income		459,908	396,060
Finance costs		(7,549,236)	(7,382,803)
Net finance costs	18	(7,089,328)	(6,986,743)
Profit before tax		18,494,621	12,526,098
Income tax expense	19	(2,813,597)	(1,908,417)
Profit from continuing operations		15,681,024	10,617,681
Loss from discontinued operations, net of tax	9	-	(623,703)
Profit for the period		15,681,024	9,993,978
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		15,681,024	9,993,978



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

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total
Balance at 1 January 2020	10,463,636	20,375,829	3,560,642	75,983,360	110,383,467
Profit for the period	-	-	-	9,993,978	9,993,978
Total comprehensive income for the period	-	-	-	<u>9,993,978</u>	<u>9,993,978</u>
Realized revaluation reserves	-	(19,381,947)	-	19,381,947	-
Dividend distribution	-	-	-	(24,371,992)	(24,371,992)
Total transactions with owners, recognized directly in equity	-	(19,381,947)	-	(4,990,045)	(24,371,992)
Balance at 30 June 2020	<u>10,463,636</u>	<u>993,882</u>	<u>3,560,642</u>	<u>80,987,293</u>	<u>96,005,453</u>

Revaluation reserves realized is represented by sale of assets previously classified as held for sale as at 31 December 2019. These items were classified as PPE under revaluation model until 2012 (and as such accumulated revaluation reserve at each revaluation date), between 2012 and 2017 the assets were classified as Investment Property with gains/losses recognized directly in P&L, and at 31 December 2019 they were classified as Held for sale.



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

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total
Balance as at 1 January 2021	10,463,636	993,882	4,739,847	99,416,717	115,614,082
Profit for the year	-	-	-	15,681,024	15,681,024
Total comprehensive income for the year	-	-	-	15,681,024	15,681,024
Dividend distribution	-	-	-	(16,707,118)	(16,707,118)
Total transactions with owners, recognized directly in equity	-	-	-	(16,707,118)	(16,707,118)
Balance at 30 June 2021	<u>10,463,636</u>	<u>993,882</u>	<u>4,739,847</u>	<u>98,390,622</u>	<u>114,587,987</u>



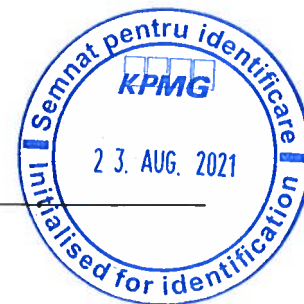
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CONDENSED STATEMENT OF CASH FLOWS
For the six months period ended 30 June
(All amounts in RON unless otherwise stated)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities			
Profit for the period from continuing operations		15,681,024	10,617,681
Loss for the period from discontinued operations		-	(623,703)
Depreciation and amortization	5,6,12	3,836,579	3,800,171
Unrealized net foreign exchange differences		719,775	966,182
Impairment of receivables	8	5,891,343	4,828,920
Write down of inventory	7	(86,225)	596,534
(Gain)/Loss from the sale of tangible assets		(10,115)	(38,680)
Income tax		2,813,597	1,908,417
Interest income	18	(439,093)	(371,968)
Interest expense	18	1,083,014	1,775,938
Operating profit before changes in working capital		29,489,899	23,459,492
<i>Changes in working capital</i>			
Increase / (decrease) in trade and other receivables		(376,282,775)	(258,839,134)
(Increase) / decrease in the inventories		(31,973,331)	(2,644,814)
Increase / (decrease) in trade and other payables		<u>310,408,339</u>	<u>230,291,800</u>
Cash used in operations		(68,357,868)	(7,732,656)
Interest paid	18	(1,083,014)	(1,775,940)
Interest received	18	439,093	371,960
Income tax paid		<u>(2,814,216)</u>	<u>(5,522,559)</u>
Cash used in operating activities		(71,816,005)	(14,659,195)
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets	5,6	(1,679,395)	(1,536,433)
Proceeds from sale of Property, plant and equipments and Assets held for sale (*)	5,6	-	6,720,029
Receipts from finance lease receivable	12	642,458	574,012
Cash (used in)/generated from investing activities		(1,036,937)	5,757,608
Cash flows from financing activities			
Proceeds from borrowings	11	83,144,285	35,000,941
Repayment of borrowings	11	(1,373,588)	(7,516,643)
Payments for the reduction of the lease liabilities	11	(3,587,413)	(3,707,968)
Factoring and other financial expenses paid	18	(5,424,225)	(4,598,864)
Dividend paid		<u>(203,129)</u>	<u>(10,156,488)</u>
Cash generated from financing activities		72,555,930	9,020,978
Cash and cash equivalents at the beginning of the period		<u>681,520</u>	<u>450,649</u>
Increase in cash and cash equivalents		(297,012)	119,391
Cash and cash equivalents at the end of the period		<u>384,508</u>	<u>570,040</u>

(*) The amounts include proceeds within the period related to sales of property, plant and equipments made in prior periods against long-term receivables (six months period ended 30 June 2020: RON 6,720,029)





1 REPORTING ENTITY

Description of business

Agricover SA (“the Company”) is a Romanian company established in the year 2000, specialised in the distribution of advanced technological solutions (i.e. plant protection products, certified seeds, fertilisers and fuel) to farmers. The Company’s head-office is located at 1B Pipera Blvd, Voluntari, Ilfov.

The Company is part of the Agricover Group (“the Group”), ultimately controlled by Mr. Jabbar Kanani. In a highly integrated business model, most of the sales of the Company are financed through loans granted by the Agri-finance segment of the Group. Together with the resulting synergies, this represents a unique differentiating factor and competitive market advantage for the Company in achieving its growth targets but also for the Group as a whole.

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

Management structure

At 30 June 2021 the Company’s Chief Executive Officer is Mr. Ghita Pinca, its Chief Financial Officer is Mrs. Daniela Dumitrache.

At 31 December 2020 the Company’s Chief Executive Officer was Mr. Ghita Pinca, its Chief Financial Officer was Mr. Dragos Druga.

At 30 June 2021 and 31 December 2020 the Board Members are Mr. Liviu Dobre, Mr. Stefan Doru Bucataru and Mrs. Liliana Fedorovici.

2 BASIS OF PREPARATION

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

Management believes that the Company has adequate resources to continue its operational existence for the foreseeable future. Management has made that assessment after consideration of the Company’s liquidity, gearing level, budgeted cash flows and related assumptions. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements.

The preparation of financial statements in conformity with IAS 34 *Interim Financial Reporting as adopted by EU* requires the use of certain critical accounting estimates.



2 BASIS OF PREPARATION (continued)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in Note 3, if significantly changed during the interim period as compared to the last annual financial statements.

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

The accounting policies applied are consistent with those of the previous financial year. There are no new IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on these condensed interim financial statements.

3 USE OF JUDGEMENTS AND ESTIMATES

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

Judgements

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

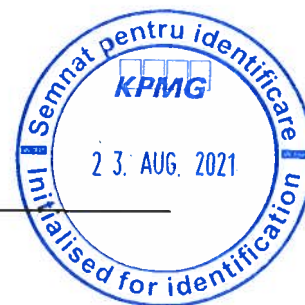
Fair values

All financial assets and liabilities presented on the Company's statement of financial position have their fair value approximately equal to the carrying amount as all bank borrowings have variable interest rates

4 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Risk management

The risk management function within the Company is carried out in respect of financial risks (credit, market, and liquidity), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.



4 FINANCIAL INSTRUMENTS –RISK MANAGEMENT (continued)

Seasonality

The Company's strategy for growth and development has the farmers and their needs at its core. Our aim is to support our clients in achieving their potential and, in the process, to support the Romanian agriculture in its important role in the European and global food chain. With that in mind we have perfected a business model which follows the seasonality of the agricultural year. Either separate or together with Agricover Credit IFN, we negotiate with our clients payment terms that match their operating cycle.

In this context our trade receivables peak in June and are collected in the second part of the financial year (as main crops are harvested and sold). These receivables are financed through similar agreements with our suppliers (reasons for which the trade payables are also peaking around this period) and, where not possible or more costly for the Company, through bank loans (which then follow the same seasonality). Finally, we note that during 2021 bank loans were used to finance higher fertilisers inventories, tactical decision of the management aimed at taking advantages of the imbalances in the suppliers market.

Credit risk

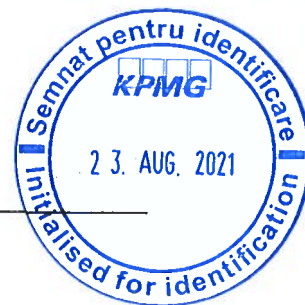
Financial assets, which subject the Company to credit risk, consist principally of cash and cash equivalents, trade and other current and non-current receivables. The Company has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit standing. The Company analyses the credit risk for each of its new clients before payment and delivery terms and conditions are offered.

The carrying amount of accounts receivable and other non-current receivables, net of bad debt allowance, and cash and cash equivalents, represent the maximum amount exposed to credit risk.

The Company evaluates significant exposures individually, based on the age of the receivable balances, external evidence of the credit status of the counterparty and any disputed amounts.

The credit risk on cash and cash equivalents is very small, since cash and cash equivalents are placed with financial institutions which are considered at time of deposit to have minimum risk of default. Furthermore, the Company has policies that limit the amount of credit exposure to any financial institutions. Total exposure on other financial institutions as at 30 June 2021 was of 384,508 RON (31 December 2020: 681,520 RON).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June
(All amounts in RON unless otherwise stated)



4 FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Foreign currency risk

The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Euro (“EUR”) and US dollar (“USD”). Foreign currency risk arises from firm commercial commitments, recognized assets and liabilities.

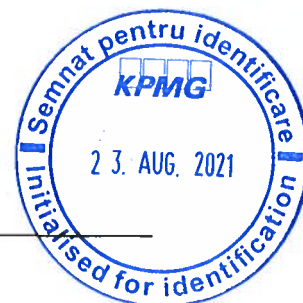
The table below summarises the Company’s exposure to foreign currency rate risk at the reporting date:

	<u>At 30 June 2021</u>			<u>At 31 December 2020</u>		
	<u>Monetary financial assets</u>	<u>Monetary financial liabilities</u>	<u>Net balance sheet Position</u>	<u>Monetary financial assets</u>	<u>Monetary financial liabilities</u>	<u>Net balance sheet Position</u>
EUR	36,722	(53,575,344)	(53,538,622)	246,206	(35,471,517)	(35,225,311)
USD	13,229	(26,116,143)	(26,102,914)	94,127	(8,018,122)	(7,923,995)
TRY	<u>43</u>	<u>-</u>	<u>43</u>	<u>48</u>	<u>-</u>	<u>48</u>
	49,994	(79,691,487)	(79,641,493)	340,381	(43,489,639)	(43,149,258)

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the reporting date relative to the Company’s functional currency, with all other variables held constant:

	<u>2021</u>	<u>2020</u>
EUR	4.9267	4.8694
USD	4.1425	3.9660
<i>Impact on profit /(loss) before tax of:</i>		<u>2021</u>
EUR strengthening by 1.6%		(863,929)
		<u>2020</u>
EUR strengthening by 2.5%		(880,633)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June
(All amounts in RON unless otherwise stated)



4 FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

<i>Impact on profit/(loss) before tax of:</i>	<u>2021</u>
USD strengthening by 1.6%	(421,211)
	<u>2020</u>
USD strengthening by 2.5%	(198,100)

As at 30 June 2021, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been RON 1,387,628 lower/higher (31 December 2020: RON 906,417 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the company’s cash flows until the year end.

The Company has the following undrawn borrowing facilities in order to meet its liquidity needs:

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months period ended 30 June

(All amounts in RON unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment were as follows:

	Land and <u>buildings</u>	Vehicles and <u>machinery</u>	Furniture, <u>fixtures and</u> <u>equipment</u>	Construction <u>in progress</u>	<u>Total</u>
Cost or valuation	1,405,691	1,379,812	1,658,820	202,573	4,646,896
Accumulated depreciation	-	(930,644)	(476,224)	-	(1,406,868)
Impairment	(4,371)	(2,954)	-	-	(7,325)
Net book value at 1 January 2020	<u>1,401,320</u>	<u>446,214</u>	<u>1,182,596</u>	<u>202,573</u>	<u>3,232,703</u>
Additions	47,883	863,746	55,878	-	967,507
Disposals	(3,239)	(200,805)	-	(199,852)	(403,896)
Depreciation charge	(169,682)	(106,078)	(101,532)	-	(377,292)
Accumulated Depreciation of Disposals	-	179,985	-	-	179,985
Transfer to Assets classified as held for sale	-	-	-	-	-
- Gross book value	(63,065)	-	-	-	(63,065)
- Accumulated depreciation	-	-	-	-	-
Net book value at 30 June 2020	<u>1,213,217</u>	<u>1,183,062</u>	<u>1,136,942</u>	<u>2,721</u>	<u>3,535,942</u>
Cost or valuation	1,387,270	2,042,753	1,714,698	2,721	5,147,442
Accumulated depreciation	(169,682)	(856,737)	(577,756)	-	(1,604,175)
Impairment	(4,371)	(2,954)	-	-	(7,325)
Net book value at 30 June 2020	<u>1,213,217</u>	<u>1,183,062</u>	<u>1,136,942</u>	<u>2,721</u>	<u>3,535,942</u>



AGRICOVER SA

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months period ended 30 June

(All amounts in RON unless otherwise stated)

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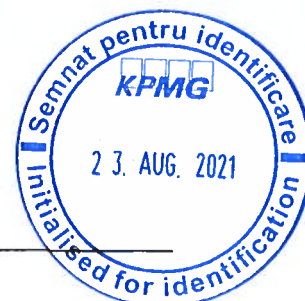
PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Construction in progress	Total
Cost or valuation	1,764,208	2,098,696	1,763,148	17,396	5,643,448
Accumulated depreciation	(709,043)	(992,534)	(680,562)	-	(2,382,139)
Impairment	(4,371)	(2,954)	-	-	(7,325)
Net book value at 1 January 2021	1,050,794	1,103,208	1,082,586	17,396	3,253,984
Additions	-	86,975	106,747	-	193,722
Disposals at cost	-	(12,004)	-	(14,675)	(26,679)
Accumulated Depreciation of Disposals	-	14,933	-	-	14,933
Depreciation charge	(62,100)	(129,177)	(107,880)	-	(299,157)
Net book value at 30 June 2021	988,694	1,063,935	1,081,453	2,721	3,136,803
Cost or valuation	1,764,208	2,173,667	1,869,895	2,721	5,810,491
Accumulated depreciation	(771,143)	(1,106,778)	(788,442)	-	(2,666,363)
Impairment	(4,371)	(2,954)	-	-	(7,325)
Net book value at 30 June 2021	988,694	1,063,935	1,081,453	2,721	3,136,803

As at 30 June 2021, the gross book value of the property, plant and equipment fully depreciated is of RON 1,169,975 (30 June 2020: RON 818,662).

The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation of the Company's freehold land and buildings was last performed as at 31 December 2019, by Deloitte Consultanta SRL, independent valuers not related to the Company. If the company's land and building would not have been revalued, as at 30 June 2021, the net book value would have been RON 558,521 (30 June 2020: 614,733).



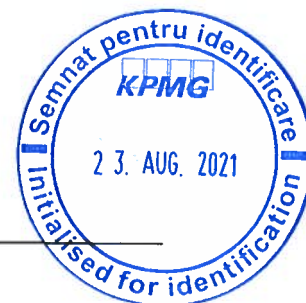


6 INTANGIBLE ASSETS

	<u>Trademarks</u>	<u>Licences</u>	<u>Total</u>
1 January 2020			
Gross book value	748,394	7,613,827	8,362,221
Accumulated amortization	<u>(571,996)</u>	<u>(6,568,923)</u>	<u>(7,140,919)</u>
Net book value at 1 January 2020	176,398	1,044,904	1,221,302
Net book value at 1 January 2020			
Net book value at 1 January 2020	176,398	1,044,904	1,221,302
Additions	210,447	386,265	596,712
Disposals	(6,190)	(1,312)	(7,502)
Accumulated amortization of Disposals	3,663	1,312	4,975
Amortization charge	<u>(37,884)</u>	<u>(184,840)</u>	<u>(222,724)</u>
Net book value at 30 June 2020	<u>346,434</u>	<u>1,246,329</u>	<u>1,592,763</u>
Gross book value	952,651	7,998,780	8,951,431
Accumulated amortization	<u>(606,217)</u>	<u>(6,752,451)</u>	<u>(7,358,668)</u>
Net book value at 30 June 2020	<u>346,434</u>	<u>1,246,329</u>	<u>1,592,763</u>
1 January 2021			
Gross book value	965,661	9,099,832	10,065,493
Accumulated amortization	<u>(650,331)</u>	<u>(6,940,094)</u>	<u>(7,590,425)</u>
Net book value at 1 January 2021	315,330	2,159,738	2,475,068
Net book value at 1 January 2021			
Net book value at 1 January 2021	315,330	2,159,738	2,475,068
Additions	77,535	1,454,421	1,531,956
Amortization charge	<u>(53,458)</u>	<u>(326,943)</u>	<u>(380,401)</u>
Net book value at 30 June 2021	<u>339,407</u>	<u>3,287,216</u>	<u>3,626,623</u>
Gross book value	1,043,196	10,554,253	11,597,449
Accumulated amortization	<u>(703,789)</u>	<u>(7,267,037)</u>	<u>(7,970,826)</u>
Net book value at 30 June 2021	<u>339,407</u>	<u>3,287,216</u>	<u>3,626,623</u>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June
(All amounts in RON unless otherwise stated)



7 **INVENTORIES**

	<u>30 June 2021</u>	<u>31 December</u> <u>2020</u>
Goods purchased for resale	53,964,963	43,920,503
Write-down of Goods purchased for resale	(673,775)	(866,836)
Inventories at third parties	21,248,836	12,267,363
Packaging, spare parts and other consumables	319,906	541,958
Inventory in transit	13,062,614	-
Total inventories	<u>87,922,544</u>	<u>55,862,988</u>

Inventories in transit as at 30 June 2021 are represented by a shipment of fertilizers (total amount of 6,600 tons). According to the transportation terms agreed with the suppliers, the risks of the shipment are born by the Company. The goods were received in July.

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

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

Write-down of Inventories	30 June 2021
Opening balances	(866,836)
Write-down of inventories	(203,917)
Reversal of write-down of inventories	<u>396,978</u>
Closing balances	(673,775)

Additionally, the company recognized directly in the P&L losses from inventories, separate from the amounts presented above in amount of RON 106,836 (2020: RON 129,452).



8 TRADE AND OTHER RECEIVABLES

	30 June 2021	31 December 2020
Trade receivables	760,058,355	400,621,307
Less: allowance for trade receivables	<u>(39,153,474)</u>	<u>(34,259,764)</u>
Trade receivables – net	720,904,881	366,361,543
Receivables from related parties (note 22)	31,547,870	23,300,368
Other receivables	14,723,720	14,483,993
Less: allowance for other receivables	<u>(5,969,732)</u>	<u>(5,969,732)</u>
Total financial assets	761,206,739	398,176,172
Prepayments	1,548,739	1,926,718
Advances for inventories	9,866,503	2,984,285
Advances to suppliers	84,532	40,929
Other non-financial assets	11,499,774	4,951,932
	772,706,513	403,128,104
<i>Less non-current portion:</i>		
Other receivables from related parties	13,792,015	13,535,069
Other receivables	5,484,620	5,292,065
Total other non-current assets	19,276,635	18,827,134
Current portion	753,429,878	384,300,970
Allowance for impairment of trade and other receivables	30 June 2021	31 December 2020
Opening balance	(40,229,496)	(37,520,064)
Impairment of receivables	(6,558,817)	(4,954,258)
Reversal of impairment of receivables	667,474	2,244,826
Write-off	<u>997,633</u>	<u>-</u>
Closing balance	(45,123,206)	(40,229,496)

Other receivables classified as at 30 June 2021 and as at 31 December 2020 as a non-current refer to receivables from fixed assets sold with payment term above one year, the maximum payment term being 2024. The amounts are discounted using relevant market rates. The long-term receivables are guaranteed by pledges on the silos sold, and in case of default on payments Agricovert SA would regain possession of the silos.

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

Part of bank borrowings are guaranteed by pledge on trade receivables (note 11).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months period ended 30 June

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TRADE AND OTHER RECEIVABLES (continued)

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

30 June 2021	Not due	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days	Total
ECL rate (%)	0.216	2.187	8.432	8.602	15.796	79.415	100.000	
Trade receivables net of discounts	711,162,621	14,439,286	926,067	754,617	2,793,624	9,824,466	34,881,394	774,782,075
ECL	1,539,661	315,750	78,090	64,915	441,274	7,802,122	34,881,394	45,123,206

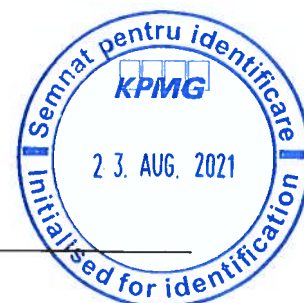
31 December 2020	Not due	0-30 days	31-60 days	61-90 days	91-180	181 - 365	> 365	Total
ECL rate (%)	0.178	2.194	9.696	11.317	21.805	48.064	97.206	
Trade receivables net of discounts	342,817,631	6,756,411	2,919,338	6,737,300	10,172,766	217,237	31,000,624	400,621,307
ECL	608,844	148,222	283,070	762,458	2,218,153	104,412	30,134,605	34,259,764

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

The ECL rate computation as at 31 December 2020 included historical information from 31 December 2020 as well as prior periods 31 December 2019 and 31 December 2018; whereas as at 30 June 2021, the prior periods used in the ECL rate computation were 30 June 2021, 31 December 2020 and 30 June 2020.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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9 DISCONTINUED OPERATIONS

The Company had no discontinued operations active during the six month period ended 30th of June 2021. The loss from discontinued operations in the comparatives relates to a) Grains and Silos, and b) Milk lines of business, which were discontinued in 2020. The significant components of that loss are presented below:

	2020
Revenue	18,319,445
Cost of goods sold	(18,848,420)
Credit risk loss on trade and other receivables	(64,311)
Gross margin	(593,286)
Other expenses, net	(1,312)
Operating loss	(594,598)
Finance costs	(29,105)
Loss before tax and net loss from discontinued operations	(623,703)

10 SHARE CAPITAL

During 2021 the Company declared dividends in amount of RON 16,707,118 (2020: RON 24,371,992) out of which RON 203,129 were paid until 30 June 2021 (30 June 2020: RON 10,156,488). The ownership structure of the Company remains unchanged during 2021.

11 BORROWINGS AND LEASE LIABILITIES

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current		
Lease liabilities	4,722,938	5,252,435
Total non-current borrowings	4,722,938	5,252,435
Current		
Bank borrowings	136,954,161	55,029,023
Lease liabilities	6,882,775	7,241,423
Total current borrowings	143,836,936	62,270,446
Total borrowings	<u>148,559,874</u>	<u>67,522,881</u>

Bank borrowings of 15 million RON presented at 31 December 2020 as non-current were reclassified and presented as current in these condensed interim financial statements.

Loan movements during the six months period ended 30 June 2021 are presented below:

	2021	2020
At 1 January	55,029,023	82,477,975
Withdrawals	83,144,285	35,000,941
Reimbursements	(1,373,588)	(7,516,643)
FX impact	154,440	271,089
At 30 June	136,954,161	110,233,362

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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11 BORROWINGS INCLUDING LEASE LIABILITIES (Continued)

Lease liabilities movements in the six months period ended 30 June 2021 are presented below:

	2021	2020
At 1 January	12,493,858	16,657,781
New contracts	2,699,268	900,781
Payments in the period	(3,587,413)	(3,707,968)
At 30 June	11,605,713	13,850,594

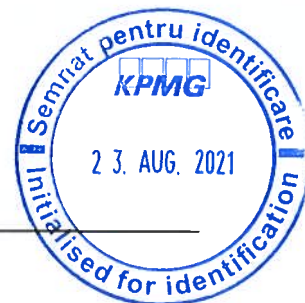
The Company's borrowings as outstanding at 30th of June 2021 have the following main characteristics:

type	available currencies	amount granted	maturity	drawn at 30 Jun. 2021	drawn at 31 Dec. 2020
overdraft facility A	RON, EUR, USD	62,000,000RON	Q4 2021	55,760,772	9,515,541
overdraft facility B	RON, EUR	12,000,000 EUR	Q3 2021	38,973,097	17,271,731
overdraft facility C	EUR	10,000,000EUR	Q4 2021	-	-
overdraft facility D	RON	40,000,000 RON	Q3 2021	17,337,915	13,241,751
overdraft facility E	RON, EUR, USD	30,000,000RON	Q4 2022	24,882,377	15,000,000
Total				136,954,161	55,029,023

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

The Company does not expect to be required to reimburse any of the existing facilities at their respective maturities. It is the Company's practice to roll-over its main financing facilities as they become due, with the objective of optimising both the sources and the cost of its debt.





12 RIGHT OF USE ASSETS

The Company concluded operating lease agreements with PORSCHE MOBILITY SRL and LEASEPLAN ROMANIA SRL in order to acquire vehicles and machinery that are used by the Company in the normal course of the business. The average period of these agreements is 36 months.

The Company also leases buildings that are used as headquarters or warehouses. The leases run for a period between 2 year and 5 years and there are several lease agreements where the Company has the option to renew the lease after the contractual period.

Right of use assets

	Buildings	Machinery& Equipment	Motor vehicles	Total
As at 01 January 2020	7,031,109	569,730	6,867,533	14,468,372
Additions	-	-	900,781	900,781
Depreciation expense	(1,170,540)	(454,358)	(1,575,257)	(3,200,155)
As at 30 June 2020	5,860,569	115,372	6,193,057	12,168,998

	Buildings	Machinery& Equipment	Motor vehicles	Total
As at 01 January 2021	5,239,578	89,793	6,213,532	11,542,903
Additions	792,637	-	1,906,631	2,699,268
Depreciation expense	(1,266,436)	(18,469)	(1,872,116)	(3,157,021)
As at 30 June 2021	4,765,779	71,324	6,248,047	11,085,150

As at 30 June 2021, the Company has receivable related to finance lease which represents part of the headquarter and some vehicles sub-leased to related parties.

The sub-lease movements in the 6 months period ended 30 June 2021 and 30 June 2020 are presented below:

	<u>30 June 2021</u>	<u>30 June 2020</u>
Opening	979,970	2,252,650
Additions	218,626	-
Cash-in	(642,458)	(574,012)
Interest income	<u>9,616</u>	<u>24,101</u>
Closing balance	565,754	1,702,739



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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13 TRADE AND OTHER PAYABLES

	<u>30 June 2021</u>	<u>31 December 2020</u>
Trade payables	483,247,720	231,508,717
Dividends payable	17,578,682	1,074,603
Salaries and related taxes	8,249,938	7,041,084
Payables to related parties (note 22)	93,258,089	46,387,128
Fixed assets suppliers	71,264	16,186
Value added tax payable	5,120,261	659,635
Other current liabilities	354,703	79,776
Total	<u>607,880,657</u>	<u>286,767,129</u>

14 CONTRACT LIABILITIES

	<u>30 June 2021</u>	<u>31 December 2020</u>
Advances received from customers	5,589,781	4,883,518
Deferred revenue	132,219	458,931
Total contract liabilities	<u>5,722,000</u>	<u>5,342,449</u>

15 REVENUES

Continuing operations	<u>2021</u>	<u>2020</u>
Revenue from sales of distributed goods	698,567,881	549,637,776
Other revenue	1,038,139	944,657
Total	<u>699,606,020</u>	<u>550,582,433</u>

Revenue from sales of distributed goods are disclosed separately by segment of products:

	<u>2021</u>	<u>2020</u>
Pesticides	247,544,421	188,468,774
Fuel	166,442,861	147,522,681
Fertilisers	176,327,634	119,932,391
Seeds	108,252,965	93,713,930

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

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16 COST OF SALES

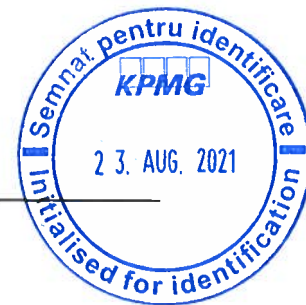
	<u>2021</u>	<u>2020</u>
Cost of merchandise	(629,975,237)	(492,049,356)
Write-down of inventories	(203,917)	(1,164,278)
Reversal of write-down of inventories	396,978	<u>670,630</u>
Cost of merchandise	<u>(629,782,176)</u>	<u>(492,543,004)</u>
Transport expenses	(5,284,425)	(5,049,432)
Employees cost	(15,173,776)	(12,261,699)
Rent expenses	(94,303)	(78,927)
Third party services	(1,552,851)	(2,137,480)
Maintenance expenses	(745,690)	(470,156)
Consumables expenses	(1,201,523)	(1,337,957)
Energy and water expenses	(34,239)	(26,806)
Insurance premium expenses	(148,359)	(193,021)
Other expenses	(36,686)	(97,874)
Postal and telecommunication expenses	(125,707)	(93,723)
Depreciation	(2,424,995)	(2,482,066)
Loss from inventories quantitative differences	(106,836)	(103,641)
Total	<u>(656,711,566)</u>	<u>(516,875,786)</u>

The cost of merchandise are disclosed separately by segment of products:

	<u>2021</u>	<u>2020</u>
Continuing operations		
Pesticides	(202,194,461)	(149,749,590)
Fuel	(164,564,662)	(145,689,221)
Fertilisers	(160,333,158)	(108,326,449)
Seeds	(102,882,956)	(88,284,096)
Total	<u>(629,975,237)</u>	<u>(492,049,356)</u>

AGRICOVER SA

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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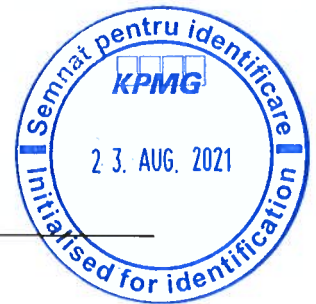
17 ADMINISTRATIVE EXPENSES

Continuing operations	<u>2021</u>	<u>2020</u>
Employees cost	(5,299,190)	(5,097,835)
Third party services	(985,057)	(748,048)
Energy and water expense	(33,430)	(42,372)
Rent expenses	(183,451)	(60,887)
Taxes to the State Budget	(75,996)	(89,926)
Protocol and publicity expenses	(724,914)	(1,191,143)
Maintenance expense	(1,742,434)	(544,954)
Insurance premium expenses	(43,985)	(42,520)
Postal and telecommunication expenses	(132,520)	(96,139)
Travel	(16,147)	(7,259)
Consumables expenses	(249,307)	(316,742)
Bank charges	(66,624)	(127,674)
Depreciation	<u>(1,411,584)</u>	<u>(1,275,008)</u>
Total	<u>(10,964,639)</u>	<u>(9,640,507)</u>

18 NET FINANCE COSTS

	<u>2021</u>	<u>2020</u>
Interest expenses related to bank borrowings	(937,370)	(1,559,555)
Interest expense related to leases	(145,644)	(187,277)
Foreign exchange losses	(1,036,014)	(1,037,094)
Other financial expenses	(1,822,626)	(1,746,893)
Factoring commission	<u>(3,607,582)</u>	<u>(2,851,984)</u>
Finance costs	<u>(7,549,236)</u>	<u>(7,382,803)</u>
Interest income	439,093	371,968
Other financial revenues	<u>20,815</u>	<u>24,092</u>
Finance income	459,908	396,060
Net finance costs	<u>(7,089,328)</u>	<u>(6,986,743)</u>

Factoring commission - for the six months period ended 30 June 2021, the Turnover of the invoices to which these commissions relate to are in amount of RON 55,146,350 (30 June 2020: RON 47,884,424).



19 INCOME TAXES

Income tax expense is recognised based on enacted tax rate of 16%. The effective tax rate at 30 June 2021 is 15.21%, compared to 15.24% for the six months ended 30 June 2020.

Income tax expense includes:

	<u>2021</u>	<u>2020</u>
Current tax expense	(3,889,887)	(3,039,657)
Deferred income tax benefit	1,076,290	1,131,240
Net income tax expense	(2,813,597)	(1,908,417)

The deferred income tax benefit is generated by the deferred tax assets recognised in relation to the allowances for trade and other receivables. This benefit led to a deferred tax asset balance as at 30 June 2021 of 584,740 (30 June 2020: liability of 491,550).

20 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

Guarantees committed to third parties

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

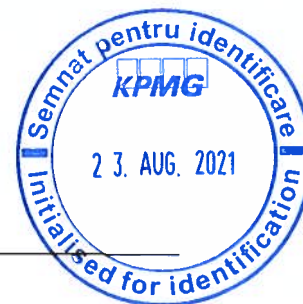
Analysis of the SARS Cov-2 pandemic and the drought impact

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

While the draught did not impact the current period, the pandemic continued during the first quarter of 2021 and then gradually decreased in intensity once vaccination campaigns were operational. Having already implemented in 2020 all the necessary actions to secure the proper level of inventories in anticipation of the expected difficulties in transportation of goods in the first part of 2021, the Company's activity was not impacted from a logistics perspective. Moreover our clients also had a positive first part of the year, with plenty of rain and rising prices of grains on the local and international markets.

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

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21 EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date.

22 RELATED-PARTY TRANSACTIONS

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

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

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

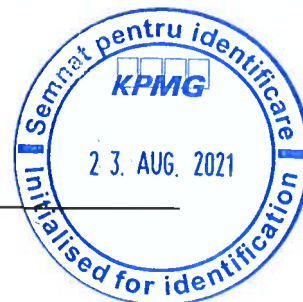
Related party	Country	Relationship	Transactions type
Agricover Holding SA	Romania	Parent entity	Parent company
Agricover Credit IFN SA	Romania	Other related party	Service supply
Agroadvice SRL	Romania	Other related party	Service supply
Danube Grain SRL	Romania	Other related party	Loan granted
Agricover Broker de Asigurare SRL	Romania	Other related party	Service supply
Agriland SRL	Romania	Other related party	Goods and service supply
Net Farming SRL	Romania	Other related party	Goods and service supply
Agricola Cornatelu SRL	Romania	Other related party	Goods and service supply
Abatorul Peris SA	Romania	Other related party	Service supply
Adama Agricultural Solutions SRL	Romania	Other related party	Goods supply
Agricover Technology SRL	Romania	Other related party	Service supply

The following transactions were carried out with related parties:

a) Sales of goods and services to Other related parties:

	<u>2021</u>	<u>2020</u>
Sales of services	-	1,226
Rent revenue	683,767	46,396
Sales of fixed assets	9,176	7,024,921
Sales of goods	<u>8,464,003</u>	<u>7,531,401</u>
Total	9,156,946	14,603,944

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22 RELATED-PARTY TRANSACTIONS (continued)

b) Purchases of goods and services from Other related parties:

	<u>2021</u>	<u>2020</u>
Purchases of services	858,162	34,900
Purchases of goods	<u>44,210,363</u>	<u>23,477,266</u>
Total	<u>45,068,525</u>	<u>23,512,166</u>

c) Other expenses and revenues – Other related parties:

	<u>2021</u>	<u>2020</u>
Financial expenses – Agricover Credit IFN (factoring commission)	3,607,582	2,851,984
Financial expenses – Agricover Credit IFN (other)	1,822,626	1,746,893
Interest income – Danube Grains	-	<u>178,982</u>
Total	<u>5,430,208</u>	<u>4,419,895</u>

d) Period-end receivable balances from Other related parties

	<u>30 June 2021</u>	<u>31 December 2020</u>
Trade and other receivables (note 8)	17,755,855	9,765,299
Other receivables (note 8)	13,792,015	13,535,069
Finance lease receivable from related parties	565,754	979,970
Prepayments	-	<u>48,720</u>
Total	<u>32,113,624</u>	<u>24,329,058</u>

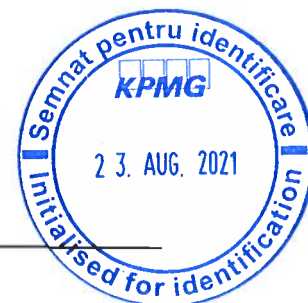
e) Period-end payables to Other related parties

	<u>30 June 2021</u>	<u>31 December 2020</u>
Trade payables (note 13)	93,258,089	46,387,128
Dividends to be paid	<u>17,578,682</u>	<u>1,074,603</u>
Total	<u>110,836,771</u>	<u>47,461,731</u>

Key management compensation

During 2021 compensation paid to key management personnel, including social contributions, amounted to RON 2,312,294 (2020: RON 2,031,678). There are no other compensations related to key management personnel.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months period ended 30 June
(All amounts in RON unless otherwise stated)



23 ALTERNATIVE PERFORMANCE MEASURES

The following alternative performance measures are closely monitored and are presented by the Company as these may prove useful for better understanding of the financial position and performance of the operations. The ratios have been computed for 6 months period ended 30 June 2021 and 30 June 2020 based on the Company's financial results by only taking into consideration the continuing business lines performance:

	<u>2021</u>	<u>2020</u>
1. EBITDA	29,420,528	23,269,915
2. EBITDA margin	4.21%	4.23%
3. EBITDA/Interest expense	27.17	13.32

Below are presented the the elements included in the computation of the alternative performance measures, as follows:

1. EBITDA computation is presented below:

	<u>2021</u>	<u>2020</u>
EBITDA (A+B+C+D)	<u>29,420,528</u>	<u>23,269,915</u>
A.Profit for the period from continuing operations (SOCl)	15,681,024	10,617,681
B.Income tax expense (SOCl)	2,813,597	1,908,417
C.Net finance costs (note 18)	7,089,328	6,986,743
D.Depreciation (note 16 and 17)	3,836,579	3,757,074

2. EBITDA margin is computed as EBITDA/Total Revenue from continuing operations:

	<u>2021</u>	<u>2020</u>
EBITDA margin A/B	<u>4.21%</u>	<u>4.23%</u>
A. EBITDA	29,420,528	23,269,915
B.Revenue (note 15)	699,606,020	550,582,433

3. EBITDA/Interest expense is computed by dividing EBITDA to Interest expense from continuing operations

	<u>2021</u>	<u>2020</u>
EBITDA/Interest expense A/B	<u>27.17</u>	<u>13.32</u>
A.EBITDA	29,420,528	23,269,915
B.Interest expense (note 18)	1,083,014	1,746,832