AGRICOVER TECHNOLOGY SRL

CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED
30 June 2024

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

** The original version of the condensed interim financial statements was written in Romanian. This document is an English translation of the original document. In case of any discrepancy between the English text and the Romanian text, the latter will prevail.*

Contents

Report on Review of Condensed Interim Financial Statements

To the Sole Shareholder of Agricover Technology SRL:

Introduction

We have reviewed the accompanying condensed statement of financial position of Agricover Technology SRL (the "Company") as at 30 June 2024 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 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 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 are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

For and on behalf of

PricewaterhouseCoopers Audit SRL

Audit firm

registered in the electronic public register of the financial auditors and audit firms under no FA6

Refer to the original signed Romanian version

Francesca Postolache

Financial auditor

registered in the electronic public register of the financial auditors and audit firms under no AF1716

Bucharest, 22 August 2024

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Condensed Statement of Financial Position as at

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

	Notes	30 June 2024	31 December 2023	1 January 2023
ASSETS				
Non-current assets				
Property, plant and equipment		298	141	62
Intangible assets	19	11,283	10,436	10,579
		11,581	**10,577**	**10,641**
Current assets				
Inventories	16	892	339	-
Trade and other receivables	12	25,026	4,214	2,936
Other current assets	18	3,331	335	1,584
Cash and cash equivalents	13	508	113	60
		29,757	**5,001**	**4,580**
Total assets		**41,338**	**15,578**	**15,221**
EQUITY AND LIABILITIES				
Equity				
Share capital	9	31,045	22,545	19,045
Other reserves		7	-	-
Retained earnings		(27,020)	(22,000)	(9,890)
		4,032	**545**	**9,155**
Current liabilities				
Trade and other payables	15	9,115	3,738	2,616
Borrowings	14	27,053	11,295	3,450
Contract liabilities	16	1,138	-	-
		37,306	**15,033**	**6,066**
Total liabilities		**37,306**	**15,033**	**6,066**
Total equity and liabilities		**41,338**	**15,578**	**15,221**

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

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

	Notes	2024	2023
Revenue from contracts with customers	4	163,505	7
Cost of sales	6	(159,908)	-
Net credit losses on trade receivables	8	(25)	-
Gross profit		**3,572**	**7**
Administrative expenses	6	(3,214)	(1,638)
Research and development	6	(4,225)	(3,686)
Other operating expenses, net		(127)	(78)
Operating loss		**(3,994)**	**(5,395)**
Finance income	5	10	1
Finance costs	5	(1,036)	(480)
Loss before tax		**(5,020)**	**(5,874)**
Income tax expense	7	-	-
Loss for the period		**(5,020)**	**(5,874)**
Total comprehensive loss for the period		**(5,020)**	**(5,874)**

Approved for issue and signed on 22 August 2024.

Liviu Dobre

Administrator

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

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

	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2024	**22,545**	**-**	**(22,000)**	**545**
			-	
Loss for the period	-	-	(5,020)	(5,020)
Total comprehensive loss for the period	**-**	**-**	**(5,020)**	**(5,020)**
Increase in share capital	8,500	-	-	8,500
Increase in other reserves	-	7	-	7
Total transactions with owners of the Company	**8,500**	**7**	**-**	**8,507**
Balance at 30 June 2024	**31,045**	**7**	**(27,020)**	**4,032**

	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2023	**19,045**	**-**	**(9,890)**	**9,155**
Loss for the period	-	-	(5,874)	(5,874)
Total comprehensive loss for the period	**-**	**-**	**(5,874)**	**(5,874)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**
Balance at 30 June 2023	**19,045**	**-**	**(15,764)**	**3,281**

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

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

	Notes	2024	2023
Cash flows from operating activities			
Loss for the period		(5,020)	(5,874)
Depreciation and amortization	6	1,529	1,392
Net credit losses on receivables	8	25	-
Unrealized exchange rate differences, net		1	-
Interest income	5	(10)	(1)
Interest expenditure	5	1,030	478
Operating loss before changes in working capital		**(2,445)**	**(4,005)**
Changes in working capital			
(Increase) / Decrease in trade receivables and other current assets		(23,824)	386
(Increase) in inventories		(553)	-
Increase / (Decrease) in trade and other payables		5,599	(1,969)
Cash used in operations		**(21,223)**	**(5,588)**
Interest paid		(280)	-
Cash used in operating activities		**(21,503)**	**(5,588)**
Cash flows from investing activities			
Payments for acquisitions of intangible and fixed assets		(1,610)	(6)
Cash used in investing activities		**(1,610)**	**(6)**
Cash flows from financing activities			
Proceeds from borrowings		43,799	15,555
Repayment of borrowings		(28,791)	(9,705)
Proceeds from capital increase		8,500	-
Net cash flows from financing activities		**23,508**	**5,850**
Cash and cash equivalents at the beginning of the period		**113**	**60**
Net increase in cash and cash equivalents	13	395	256
Cash and cash equivalents at the end of the period		**508**	**316**

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

This section includes general information about the Company and its structure, as well as significant accounting policy information that relate to the condensed interim financial statements taken as a whole. Significant accounting policy information and the estimates, judgments and assumptions used in applying those policies that are specific to a particular item are included in the note to that item. Accounting policies relating to insignificant items are not included in these condensed interim financial statements.

1 GENERAL INFORMATION

Agricover Technology SRL ("the Company") is an entity established in 2020 and registered with the Trade Register under number J23/4637/2020. The Company is domiciled in Romania and is specialised in the development and sale of software as a service, as well as in the distribution of agricultural inputs (mostly commodities) and drones.

The Company's headquarter is located in Blvd. Pipera nr. 1B, Voluntari, Ilfov, Romania.

The parent company is Agricover Holding SA, registered with the Trade Register under number J23/447/2018 and has its headquarters in Voluntari, Bld. Pipera, nr. 1B, Cubic Center, 8 floor, Ilfov county, Romania.

Agricover Holding SA prepares consolidated financial statements of the Group which include Agricover Holding SA ("the parent company") and its subsidiaries Agricover Distribution SA, Agricover Credit IFN SA, Clubul Fermierilor Romani Broker de Asigurare SRL and Agricover Technology SRL. These consolidated annual and half-yearly financial statements are public and are available on the website www.agricover.ro/relatii-investitori.

2 BASIS OF PREPARATION

i. Compliance statement

These condensed interim financial statements as at and for the six-month period ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as adopted by the European Union. They do not include all the information required for a full set of financial statements prepared in accordance with IFRS as adopted by the European Union.

For all periods up to and including the year ended 31 December 2023, the Company has prepared its financial statements in accordance with local generally accepted accounting principles (Order No. 1802 for the approval of the accounting rules regarding annual consolidated and separate financial statements, issued by the Romanian Ministry of Public Finance on 29th of December 2014, with subsequent amendments and modification, referred to in these condensed interim financial statements as "Local GAAP"). These condensed interim financial statements as of and for the six-month period ended 30 June 2024 are the first that the Company has prepared in accordance with IAS 34. See Note 3 for information on how the Company has adopted IFRS.

ii. Historical cost convention

These condensed interim financial statements have been prepared under the historical cost convention.

iii. Consistent application of accounting policies

The material accounting policies applied in the preparation of these condensed interim financial statements are set out below in the Notes to these condensed interim financial statements and have been consistently applied to all periods presented. The preparation of financial statements in accordance with IAS 34 requires the use of judgment and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant, are disclosed in the notes to these condensed interim financial statements (for further detail refer to note 19).

iv. Functional and presentation currency

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

v. Going concern

After consideration of the Company's liquidity, level of indebtedness, budgeted cash flows and related assumptions, management believes that the Company has adequate resources to continue in operation for the foreseeable future and these condensed interim financial statements are prepared on this basis.

As a result of the losses recorded during the year ended 31 December 2023, the Company's net assets, determined as the difference between its total assets and total liabilities, decreased to less than half of the amount of its subscribed share capital. In accordance with the Companies Act 31/1990, as amended, the Administrator will convene a general meeting of shareholders to determine the corrective measures. These measures will be implemented no later than 31 December 2024, in accordance with the legislation in force.

During 2023 and first half of 2024, in line with approved budgets, crop360 (the online platform created to provide its customers with access to industry innovations through digital technologies) did not generate significant revenue on its own. However, management continues to believe that, in the foreseeable future, digital tools and precision agriculture in general, and crop360 in particular, will bring value to the Group in at least the following ways: a) through continued synergies (mainly based on data analytics) and increased efficiency (risk management) within the Group, b) through separate revenue streams from farmers, and c) through its contribution to Agricover's increased brand awareness. From this perspective, the Group is committed to continue to support the development of the Company.

The increase in the net book value of intangibles during 2023 and the first half of 2024 is mainly related to the development of ”My Agricover”, a mobile phone application available in *Google Play* and *App Store*, through which farmers are already interacting with the Group to obtain financing.

With My Agricover we are taking an important step in developing our services offered to small farmers (i.e. those operating areas between 10-100 hectares of arable land), opening new horizons in the financial services market by offering an exclusively online solution that allows farmers to access financing quickly and easily right from the comfort of their farm.

My Agricover is fully operational at the date of these condensed interim financial statements and generates revenue for the Company starting July 2024.

Furthermore, a new business line was established within Agricover Technology at the end of 2023, namely the distribution of agricultural drones. Farmers seem to be open to the use of this technology, with the first tranches of drones being sold, with positive margins, during December 2023 and the first half of 2024. Finally, the Company starting distributing fuel during first quarter of 2024.

In view of the above, as well as the approved budgets, the Group will continue to support the operation and development of the Company. Based on these analyses, management believes that the Company will be able to continue in operation for the foreseeable future and therefore the application of the going concern principle in the preparation of these condensed interim financial statements is justified.

vi. New IFRS effective for periods beginning on or *after 1* January 2025*, not early adopted by the Company*

A number of amendments to the standards are required to be applied for annual periods beginning on and after 1 January 2025 and are available for early adoption in periods beginning on or after 1 January 2024. The Company has not early adopted any of these amendments in the preparation of these condensed interim financial statements.

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18, the new standard on presentation and disclosure in financial statements, will replace IAS 1. Many of the other existing principles in IAS 1 are retained, with limited changes mainly focused on updates to the statement of comprehensive income. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company is in the process of analysing the impact of IFRS 18 to its financial statements.

Effective date: annual periods beginning on or after 1 January 2027, and also applies to comparative information. The standard has not been endorsed by the European Union up to the date of these condensed interim financial statements.

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates', relating to the lack of foreign exchange ability

The amendments require disclosures that enable users of financial statements to understand the impact of the fact that a currency is not interchangeable. No significant impact is expected from the implementation of this amendment.

Effective date: annual periods beginning on or after 1 January 2025.

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

This section provides information about the Company's first-time adoption of IFRS and the exemptions and exceptions applied by the Company as part of its transition.

3 FIRST-TIME ADOPTION OF IFRS

These condensed interim financial statements as at and for the six-month period ended 30 June 2024 are the first that the Company has prepared in accordance with IAS 34. For the periods up to and including the year ended 31 December 2023, the Company has prepared its financial statements in accordance with local GAAP.

As such, the Company has prepared these condensed interim financial statements in accordance with IAS 34 and IFRS 1, as applicable as at 30 June 2024, together with the comparative period for the six-month period ended 30 June 2023. In preparing these condensed interim financial statements, the opening statement of financial position has been prepared by the Company as at 1 January 2023, the Company's IFRS transition date. This note explains the principal adjustments made by the Company in restating its financial statements in accordance with local GAAP, including their impact on the equity as at 1 January 2023 and as at 31 December 2023, and their impact on the total comprehensive income for the year ended 31 December 2023.

IFRS 1 requires an entity to use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements (the first annual financial statements in which an entity adopts IFRSs by an explicit and unreserved statement of compliance with IFRSs). Those accounting policies shall comply with each IFRS effective at the end of its first IFRS reporting period, except as specified in IFRS 1.

Reconciliation of local GAAP to IFRS

Reconciliation of the equity under local GAAP to IFRS as at 1 January 2023 (date of transition to IFRS) and 31 December 2023.

	Notes	1 January 2023	31 December 2023
Equity local GAAP		9,391	757
Employee costs	a)	(330)	(308)
Other accruals		94	96
Equity IFRS		9,155	545

Reconciliation of total comprehensive income under local GAAP to IFRS for the year ended 31 December 2023.

	Notes	31 December 2023
Loss local GAAP		(12,134)
Employee costs	a)	22
Other accruals		2
Loss IFRS		(12,110)

Under the local GAAP, the Company was not required to prepare Statements of Changes in Equity and Statements of Cash Flows.

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

Significant differences between equity under local GAAP and equity under IFRS, and between total comprehensive income under local GAAP and under IFRS are explained below.

a) Employee costs

Under local GAAP, bonuses granted to employees were expensed in the year when such bonuses were paid. Under IFRS such bonuses were expensed when incurred, namely when the related services were provided.

Notes to the Condensed Interim Financial Statements
Financial Performance

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

This section provides information about the Company's financial performance. The section covers significant disclosures about accounting policies and significant judgments and estimates made in relation to specific items.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company generates revenue mainly from the sale of fuel and drones to farmers.

The breakdown of revenues by product type is shown below.

	30 June 2024	30 June 2023
Proceeds from the sale of		
Drones	4,585	-
Fuel	158,919	-
	163,504	**-**
Other revenue	1	7
Total	**163,505**	**7**

Revenue from sales is recognised when control of the goods sold has transferred to the buyer, i.e. when the goods are delivered. Other revenue refers to software as a service subscriptions sold to farmers. Payment terms depend on type of goods acquired and the financing options selected by the customer (e.g. own funds, loans from other entities within the Agricover Group or commercial credit), and generally do not exceed 30 calendar days.

5 FINANCE INCOME AND FINANCE COSTS

Significant components of finance income and expenses included in profit or loss for the six-month periods ended 30 June 2024 and 30 June 2023 are presented below:

	30 June 2024	30 June 2023
Interest income	10	1
Finance income	**10**	**1**
Interest expenditure	(1,030)	(478)
Net foreign exchange losses	(2)	(1)
Other financial charges	(4)	(1)
Finance costs	**(1,036)**	**(480)**

6 BREAKDOWN OF ADMINISTRATIVE EXPENSES AND COST OF SALES BY NATURE

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

All operating expenses of the Company are allocated to cost centres. Expenses related to the purchasing and distribution process (e.g. transport costs related to purchasing and sales, salaries of staff in: warehousing, purchasing, logistics and sales force; warehouse rental costs, third-party warehousing costs, costs related to consumables, depreciation of warehouse equipment and warehouse improvements, etc.) are allocated to Cost of sales. Expenses incurred to support the operation of the business but not directly related to the distribution process (e.g. support functions

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

including financial or human resources, rental expenses for head office, etc.) are allocated to Administrative expenses. Head office 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 expenditure by nature:

	30 June 2024	**30 June 2023**
Merchandise	(161,103)	-
Employee costs	(2,736)	(1,605)
Transportation costs	(66)	(3)
Third party services	(1,748)	(2,270)
Depreciation and amortization	(1,529)	(1,392)
Consumables	(86)	(36)
Repairs and maintenance	(49)	(18)
Other	(30)	-
Total, *of which*	**(167,347)**	**(5,324)**
Cost of sales	*(159,908)*	-
Administrative expenses	*(3,214)*	*(1,638)*
Research and development	*(4,225)*	*(3,686)*

Defined Contribution Plan

The Company paid 615 thousand RON to defined contribution retirement plans during the six-month period ended 30 June 2024 (six-month period ended 30 June 2023: 382 thousand RON). Beyond the settlement of monthly contributions, the Company has no other obligations towards its employees in relation to their defined contribution retirement plans.

Share Option Plan

Employee costs include expenses related to a share-based compensation program, implemented by the Parent Company starting 2022, whereby eligible personnel receive conditional rights to acquire shares in the Parent company under a Share Option Plan (“the SOP”).

Under the SOP, share options of the Parent company are granted to key employees of the Company, with more than 12 months’ service for the Group, at the discretion of the Board of Directors of the Parent Company (no individual has a contractual right to participate in the plan or to receive any guaranteed benefits).

The SOP is designed to provide short-term and long-term incentives to the participants to deliver appropriate long-term shareholders returns. It includes two components:

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

Vesting under both components of the SOP is conditioned upon the participant remaining employed within the Group on such vesting date, and on the achievement of the relevant performance indicators (whereby the maximum number of options that can vest is for a performance level of 130% versus the assigned levels of the performance indicators). The share options granted will not vest if the

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

performance conditions are not met or if the participant leaves the Group before the vesting date.

Options are granted under SOP for no consideration and carry no dividend or voting rights. The share options are exercisable at 0.1 RON/share.

The service cost is determined with reference to the fair value of the shares. The fair value of the Parent company's share is estimated at the grant date by considering the Group's consolidated net profit (as reported in the most recent annual consolidated financial statements) and average market multiples published by the Bucharest Stock Exchange and/or other third-party data providers. Such multiples include the price-to-earnings ratio (P/E or PER), which measures the share price in relation to the net profits of entities listed on the Bucharest Stock Exchange.

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

The Parent Company provides an optional redemption mechanism of the SOP-acquired shares as follows:

- anytime during the holding period, the new shareholder has the right to ask the Parent company to buy his/her shares and the Parent company has the right to accept or deny the acquisition. This action may be initiated by the Parent Company, as well. There is no obligation on either side to buy/sell as a result of the other party's sell/buy initiative.
- the shares are mandatorily redeemable by the Parent Company upon termination of the participants to the program.

An equity reserve is recognized for services provided by the employees under SOP. The cost of transactions recognized through equity is determined by the fair value at the time of grant.

The expense is recognised over the period in which the service and performance conditions are fulfiled (the vesting period) with recognition of a equity reserve. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest.

Set out below are summaries of options granted, exercised or expired under the plan:

number of options	**2024**	**2023**
1 January	**382,101**	**-**
Granted during the period	860,294	382,101
Exercised during the period	-	-
Expired during the period	(382,101)	-
30 June	**860,294**	**382,101**

All options outstanding are unvested and have an exercise price of 0.1RON/share. The weighted average remaining contractual life of options outstanding is 1.83 years.

For six-month period ended 30 June 2024 SOP related expense amounts to 7 thousand RON. During 2023, as the performance conditions were not met, the SOP related expense was nil.

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

7 CURRENT AND DEFERRED INCOME TAX

Current and deferred income tax expense is calculated based on tax rates and tax laws enacted or substantively enacted in Romania, at the end of the reporting period.

Deferred income tax is provided in full, 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 also 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 and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax assets are recognized 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 tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or on different taxable entities where there is an intention to settle the balances on a net basis.

As at 30 June 2024, the Company has cumulative fiscal losses amounting to RON 29,959 thousand (31 December 2023: RON 24,338 thousand; 1 January 2023: RON 9,560 thousand) for which no deferred tax has been recognized.

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

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

8 FINANCIAL RISKS MANAGEMENT

The Company's strategy for growth and development has the farmers and their needs at its core. The Company's aim is to support its customers in reaching their potential and, in the process, to support Romanian agriculture in its important role in the European and global food chain.

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

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

i. Credit risk

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

a) Credit risk on financial assets

Credit risk arises primarily from trade receivables, but may also arise from other receivables, or cash equivalents. The Company's maximum exposure to credit risk is reflected by the carrying amounts of financial assets in the statement of financial position.

The Company applies IFRS 9 simplified approach for measuring expected credit losses, which requires a lifetime expected loss value adjustment for all trade receivables and contract assets. To measure expected credit losses, trade receivables have been grouped on buckets, according to the number of days past due.

The expected loss rates are based on the payment profiles of sales observed over a period of 36 months before 30 June 2024, 31 December 2023 and 1 January 2023, 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 expected credit losses (”ECL”) for trade receivables, as at 30 June 2024, were as follows:

DPD *(days past due)*	**Not due**	**1-30**	**31-60**	**61-90**	**91-180**	**181-365**	**> 365**	**Total**
ECL rate (%)	0.00%	2.41%	7.81%	13.75%	15.51%	29.18%	100.00%	
Trade receivables	20,246	916	8	18	1	-	-	21,189
ECL	-	22	1	2	0	-	-	25

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

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 and foreign exchange rates.

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

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from future commercial transactions and recognised monetary assets and liabilities. The Company is exposed mainly to Euro ('EUR').

The Company's exposure to foreign currency risk at the end of each reporting period, presenting the Company's monetary financial assets and monetary financial liabilities, at their carrying amounts, by denomination currency, was as follows (amounts are expressed in RON thousand equivalent):

	30 June 2024	**31 December 2023**	**1 January 2023**
	EUR	EUR	EUR
Active			
Cash and balances with banks	6	3	0
Trade and other receivables	256	0	0
Total assets	**262**	**3**	**0**
Liabilities			
Trade and other payables	(75)	-	(2)
Total liabilities	**(75)**	**-**	**(2)**
Net financial position	**187**	**3**	**(2)**

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

	30 June 2024	**30 June 2023**
	EUR strengthening by 1.5%	EUR strengthening by 1.7%
Profit / (loss) before tax	3	0

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

b) *Interest rate risk*

The Company's main interest rate risk arises from floating rate borrowings, which expose the Company to cash flow interest rate risk. The Company's policy is to attract floating rate borrowings, and all of its borrowings at 30 June 2024, 31 December 2023 and 1 January 2023, respectively, are floating rate.

The Company’s borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent expose the Company to cash flow interest rate risk. All other financial assets and financial liabilities of the Company, including trade and other receivables, cash and cash equivalents, and trade and other payables do not bear interest and to that extent expose the Company to fair value interest rate risk.

The exposure of the Company to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows (assets and liabilities are included at carrying amount and categorized 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 over**	**Total**
Trade and other receivables	-	21,564	3,462	-	**25,026**
Cash and cash equivalents	508	-	-	-	**508**
Total financial assets	**508**	**21,564**	**3,462**	**-**	**25,534**
Borrowings	(11,562)	(15,491)	-	-	**(27,053)**
Trade and other payables	(3,176)	(5,939)	-	-	**(9,115)**
Total financial liabilities	**(14,738)**	**(21,430)**	**-**	**-**	**(36,168)**
Interest repricing gap	**(14,230)**	**134**	**3,462**	**-**	**(10,634)**

The comparative information as at 31 December 2023 is presented below:

Asset / liability class	**up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 year and over**	**Total**
Trade and other receivables	-	353	3,861	-	**4,214**
Cash and cash equivalents	113	-	-	-	**113**
Total financial assets	**113**	**353**	**3,861**	**-**	**4,327**
Borrowings	-	-	(11,295)	-	**(11,295)**
Trade and other payables	(560)	(3,178)	-	-	**(3,738)**
Total financial liabilities	**(560)**	**(3,178)**	**(11,295)**	**-**	**(15,033)**
Interest repricing gap	**(447)**	**(2,825)**	**(7,434)**	**-**	**(10,706)**

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

The comparative information at 1 January 2023 is presented below:

Asset / liability class	**up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 year and over**	**Total**
Trade and other receivables	-	14	2,922	-	**2,936**
Cash and cash equivalents	60	-		-	**60**
Total financial assets	**60**	**14**	**2,922**	**-**	**2,996**
Borrowings	-	-	(3,450)	-	**(3,450)**
Trade and other payables	(529)	(2,087)	-	-	**(2,616)**
Total financial liabilities	**(529)**	**(2,087)**	**(3,450)**	**-**	**(6,066)**
Interest repricing gap	**(469)**	**(2,073)**	**(528)**	**-**	**(3,070)**

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

	30 June 2024 Interest lower by 0.81%	**30 June 2023 Interest lower by 0.24%**
Profit / (loss) before tax of:	*137*	*18*

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

This section contains information about the Company's share capital, the Company's equity, what is managed as capital, and the Company's capital management practices.

9 EQUITY

The Company's shares and shareholding structure are detailed below:

	30 June 2024	31 December 2023	1 January 2023
shares RON 10 each, *100% owned by:*			
Agricover Holding SA	3,104,500	2,254,500	1,904,500

The amount of issued share capital is detailed below:

	30 June 2024	31 December 2023	1 January 2023
Share capital	31,045	22,545	19,045

10 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

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

As a result of the losses recorded during the year ended 31 December 2023, the Company's net assets, determined as the difference between its total assets and total liabilities, decreased to less than half of the amount of its subscribed share capital. In accordance with the Companies Act 31/1990, as amended, the Administrator will convene a general meeting of shareholders to determine the corrective measures. These measures will be implemented no later than 31 December 2024, in accordance with the legislation in force.

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

This section provides information about the Company's financial assets and liabilities, including specific information about each type of financial instrument held, related accounting policies for recognizing and measuring financial instruments as well as their fair values, when significantly different from their carrying amounts.

11 OVERVIEW OF FINANCIAL INSTRUMENTS

An overview of the financial instruments held by the Company is provided below:

	Note	30 June 2024	31 December 2023	1 January 2023
Financial assets at amortised cost:		**25,534**	**4,327**	**2,996**
Trade and other receivables	12	25,026	4,214	2,936
Cash and cash equivalents	13	508	113	60
Financial liabilities at amortised cost:		**35,325**	**14,473**	**5,538**
Borrowings	14	27,053	11,295	3,450
Trade and other payables	15	8,272	3,178	2,088

Initial recognition and measurement

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

On 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 measured at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Classification and subsequent measurement

Classification and subsequent measurement depend on:

i. the Company's business model for managing the asset - it reflects how the Company manages assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets, or to collect both the contractual cash flows and the cash flows from the sale of the asset; and
ii. the cash flow characteristics of the asset - namely whether the financial instruments' cash flows represent solely payments of principal and interest ('SPPI' test).

Based on these factors, the Company classifies its financial assets at amortized cost. Cash and cash equivalents, trade and other receivables are held for the collection of contractual cash flows, and those cash flows represent solely payments of principal and interest ('SPPI').

The amortized cost is the amount at which the financial instrument (asset or liability) is measured at initial recognition minus 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.

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

Classification of financial liabilities

The Company's financial liabilities are classified as subsequently measured at amortised cost.

Derecognition

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

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

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst other, 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.

Fair value

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.

Financial assets and liabilities presented in the Company's statement of financial position and measured at amortized cost have their fair values approximated by their respective carrying amounts.

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

12 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 the financing options selected by the customer (e.g. own funds, loans from other entities within the Agricover Group or commercial credit), and generally do not exceed 30 calendar days.

	30 June 2024	31 December 2023	1 January 2023
Trade receivables	21,189	332	-
Less: allowance for trade receivables	(25)	-	-
Trade receivables - net	**21,164**	**332**	**-**
Receivables from related parties (note 20)	138	2	-
Other receivables	3,724	3,880	2,936
Total other receivables	**3,862**	**3,882**	**2,936**
Less: allowance for other receivables	-	-	-
Total other receivables - net	**3,862**	**3,882**	**2,936**
Total trade and other receivables	**25,026**	**4,214**	**2,936**

Other receivables are represented mainly by VAT receivable from the state.

13 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 with financial institutions, with original maturities of 3 months or less. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

As at 30 June 2024, 31 December 2023 and 1 January 2023 cash and cash equivalents presented in the statement of financial position are represented by placements held with highly reputable local banks.

14 BORROWINGS

	30 June 2024	31 December 2023	1 January 2023
Current			
Borrowings from local banks	11,561	-	-
Borrowings from related parties	15,492	11,295	3,450
Total borrowings	**27,053**	**11,295**	**3,450**

Borrowings from related parties and from local banks are represented by working capital revolving credit lines, secured by promissory notes.

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

15 TRADE AND OTHER PAYABLES

	30 June 2024	31 December 2023	1 January 2023
Trade payables	8,498	1,777	2,010
Expected commercial discounts	(1,818)	-	-
Trade payables net of expected discounts	**6,680**	**1,777**	**2,010**
Payables to related parties (note 20)	1,500	1,401	41
Fixed assets suppliers	92	-	37
Total other payables	**1,592**	**1,401**	**78**
Total	**8,272**	**3,178**	**2,088**
Other non-financial liabilities			
Personnel and related taxes	842	560	520
Other current liabilities	1	-	8
	843	**560**	**528**
Total trade and other payables, of which:	**9,115**	**3,738**	**2,616**
Current portion	9,115	3,738	2,616
Non-current portion	-	-	-

Trade and other payables are unsecured and their carrying amounts are considered to fairly approximate their fair values, due to their short-term nature.

Notes to the Condensed Interim Financial Statements
Non-Financial Assets and Liabilities

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

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

- Contract liabilities (note 16);
- Inventories (note 17);
- Other current assets (note 18);
- Intangible assets (note 19);

and related material accounting information, judgements and estimates.

16 CONTRACT LIABILITIES

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

17 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, if the case. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Any net realisable value adjustment is reversed when the inventories are sold or when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances.

Inventories of the Company are represented by drones, spare parts and other materials.

18 OTHER CURRENT ASSETS

	30 June 2024	31 December 2023	1 January 2023
Advances for inventories	2,185	-	-
Prepayments	988	225	1,584
Advances for suppliers	149	44	-
Other current assets	9	66	-
Total	**3,331**	**335**	**1,584**

Advances for inventories represent amounts paid by the Company to its suppliers of fuel and drones. Prepayments represent mainly advance payments for software as a service expensed over the period of subscriptions.

19 INTANGIBLE ASSETS

Intangible assets of the Company are represented by software licences acquired and by internally generated software. The Company has no intangible assets with indefinite useful life. Licenses and internally 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.

Amortisation for software licences and for internally generated software is calculated using the

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

straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives of 3 to 5 years.

Movements in cost (gross book value) and in the accumulated amortisation are presented below for each significant class of intangible assets:

	Software licences	Internally generated software	Software in progress	Total
Gross book value	1,402	11,872	2,098	15,372
Accumulated amortisation	(594)	(4,342)	-	(4,936)
Net book value at 1 January 2024	**808**	**7,530**	**2,098**	**10,436**
Additions	264	-	2,077	2,341
Transfers	133	62	(195)	-
Amortisation charge	(154)	(1,340)	-	(1,494)
Net book value at 30 June 2024	**1,051**	**6,252**	**3,980**	**11,283**
Gross book value	1,799	11,934	3,980	17,713
Accumulated amortisation	(748)	(5,682)	-	(6,430)

Comparative information for 2023 is included below:

	Software licences	Internally generated software	Software in progress	Total
Gross book value	1,330	11,070	239	12,639
Accumulated amortisation	(228)	(1,832)	-	(2,060)
Net book value at 1 January 2023	**1,102**	**9,238**	**239**	**10,579**
Additions	72	-	2,661	2,733
Transfers	-	802	(802)	-
Amortisation charge	(366)	(2,510)	-	(2,876)
Net book value at 31 December 2023	**808**	**7,530**	**2,098**	**10,436**
Gross book value	1,402	11,872	2,098	15,372
Accumulated amortisation	(594)	(4,342)	-	(4,936)

Significant judgement – capitalisation of development costs

In accordance with IAS 38, the Company has capitalised software development costs and has expensed all other related costs when incurred. During development phases, all significant types of costs were reviewed and capitalised only to the extent that are specifically related to the design or development of the software. Costs with licences of tools and systems used as part of the development were capitalised during the development phase and expensed thereafter, if the case. After the initial launch of a software, the Company may continue to research and develop new functionalities to improve the existing version of that particular software. In such cases, related costs are capitalised only to the extent they refer to significant new functionalities, which were not

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

included in prior versions of the software. Improvements capitalised after the initial launch of the software are amortised over its remaining useful life. All maintenance and bug fixing costs are expensed as incurred. The total value of costs capitalised during the first six months of 2024 was 2.1 million RON (during the first six months of 2023 is of 0.6 million RON).

Significant estimate – useful life of internally generated software

As at 30 June 2024, the carrying amount of the software developed by the Company, excluding software in progress, was of RON 6.3 million RON (31 December 2023: RON 7.5 million RON; 1 January 2023: 9.2 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. If the useful life would have been 36 months, the depreciation expense for the first half of 2024 would have been 2.1 million RON and the carrying amount would have been 1.7 million RON.

(all amounts are in thousands of RON, rounded to the nearest thousand unless otherwise stated)

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

20 RELATED PARTIES TRANSACTIONS

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

Categories	Definition	Impact on individual financial statements
Parent company	Entity / person controlling the Company	The Company's sole shareholder is Agricover Holding SA
Key management	Persons having authority and responsibility for planning, directing and controlling the activities of the Company	There are no material transactions between the Company and key management. Key management remuneration is disclosed below in this note
Other related parties	Related parties that do not fall under any of the above categories	Significant transactions with other related parties are disclosed below in this note

Mr. Kanani Jabbar, the ultimate beneficial owner of the Company, owns 87.113% of the share capital of the Parent company (31 December 2023: 87.269%, 1 January 2023: 87.269%).

Key management remuneration

For the six months ended 30 June 2024, the compensation granted to key management personnel amounts is nil (30 June 2023: nil), as key management tasks are performed mainly by the sole administrator, who has no remuneration.

Notes to the Condensed Interim Financial Statements
Other information

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

Transactions with other related parties

The following transactions were carried out with related parties during the six months ended 30 June 2024 and 30 June 2023:

	Notes	30 June 2024	30 June 2023
Sales to other related parties:			
Other operating income		10	-
Acquisitions from other related parties:			
Purchase of goods/services		1,593	152
Loans received from other related parties			
Interest expenses		986	478

Outstanding balances arising from transactions with other related parties

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

	Notes	30 June 2024	31 December 2023	1 January 2023
Receivables from other related parties	**12**	**138**	**2**	**-**
Trade receivables		138	2	-
Payables to other related parties	**15**	**1,500**	**1,401**	**41**
Trade payables		1,477	1,345	41
Other payable		24	56	-
Borrowings	14	15,492	11,295	3,450

During the six-month period ended 30 June 2024, the Company acted as agent for Agricover Distribution SA and Agricover Credit IFN SA, entities controlled by the Parent company, in relation to IT licenses and other IT service acquisitions with a total value of RON 482 thousand (30 June 2023: RON 260 thousand).

21 EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period.