Agricover Distribution

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Independent Auditors' Report

To the Shareholders of Agricover S.A.

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Agricover SA ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including significant accounting policies and other explanatory information.

   The financial statements have been digitally signed with a qualified electronic signature on 7 April 2022 by GP SERVICESS & COMMERCE SRL by permanent representative Pinca Gheorghe Eugen, in its capacity of President of the Board of Directors of the Company at hour: 16, min: 46, sec: 14.

2. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by European Union (IFRS).

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards and regulations are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Romania and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

4. Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

6. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Aura Giurcăneanu

GIURCANEANU AURA STEFANA

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

KPMG Audit SRL

KPMG Audit SRL

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

Bucharest, 27 April 2022

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

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

AGRICOVER SA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2021

Prepared in accordance with the
International Financial Reporting Standards
as adopted by European Union

Contents

Statement of Financial Position
as at 31st of December

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

	Notes	2021	2020 restated (note 14)
ASSETS			
Non-current assets			
Property, plant and equipment	20	3,294	3,254
Right of use assets	19	9,893	11,543
Intangible assets	21	4,532	2,475
Other non-current receivables	11	7,424	18,827
Deferred income tax assets	6	998	-
Finance lease receivable		155	58
		26,296	**36,157**
Current assets			
Inventories	18	118,033	55,863
Finance lease receivable		458	922
Trade and other receivables	11	454,740	379,349
Other current assets	12	32,572	4,952
Cash and cash equivalents	13	447	682
		606,250	**441,768**
Total assets		**632,546**	**477,925**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	10,464	10,464
Revaluation reserves	8	994	994
Other reserves	8	7,112	4,740
Retained earnings		119,014	99,417
Total equity		**137,584**	**115,615**
Non-current liabilities			
Lease liabilities	19	4,783	5,252
Deferred tax liabilities	6	-	492
		4,783	**5,744**
Current liabilities			
Trade and other payables	16	412,025	286,767
Income tax liability		2,394	2,187
Borrowings	14	43,052	55,029
Lease liabilities	19	5,620	7,241
Contract liabilities	15	27,088	5,342
		490,179	**356,566**
Total liabilities		**494,962**	**362,310**
Total equity and liabilities		**632,546**	**477,925**

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

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

	Notes	2021	2020
Revenue	3	1,716,394	1,135,126
Cost of sales	5	(1,622,851)	(1,065,788)
Net credit losses on trade receivables	11	(5,519)	(3,771)
Gross profit		**88,024**	**65,567**
Administrative expenses	5	(25,639)	(21,419)
Other gains		1,717	1,482
Other operating expenses		(1,616)	(861)
Operating profit		**62,486**	**44,769**
Finance income	4	1,020	831
Finance costs	4	(18,935)	(11,531)
Net financial result		**(17,915)**	**(10,700)**
Profit before tax		**44,571**	**34,069**
Income tax expense	6	(5,894)	(4,207)
Profit for the year from continuing operations		**38,677**	**29,862**
Loss for the year from discontinued operations, net of tax		-	(259)
Profit for the year		**38,677**	**29,603**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**38,677**	**29,603**

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

GP SERVICESS & COMMERCE SRL
by permanent representative Pinca Gheorghe Eugen
President of the Board of Directors

Daniela Dumitrache
Chief Financial Officer

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

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

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
at 1 January 2021	10,464	994	4,740	99,417	115,615
Profit for the period	-	-	-	38,677	38,677
Total comprehensive income for the period	**-**	**-**	**-**	**38,677**	**38,677**
Dividends distribution	-	-	-	(16,708)	(16,708)
Other changes in equity	-	-	2,372	(2,372)	-
Total transactions with owners in their capacity as owners	**-**	**-**	**2,372**	**(19,080)**	**(16,708)**
Balance at 31 December 2021	**10,464**	**994**	**7,112**	**119,014**	**137,584**

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
at 1 January 2020	10,464	20,376	3,561	75,983	110,384
Profit for the period	-	-	-	29,603	29,603
Total comprehensive income for the period	**-**	**-**	**-**	**29,603**	**29,603**
Revaluation reserves realised	-	(19,382)	-	19,382	-
Dividends distribution	-	-	-	(24,372)	(24,372)
Other changes in equity	-	-	1,179	(1,179)	-
Total transactions with owners in their capacity as owners	**-**	**(19,382)**	**1,179**	**(6,169)**	**(24,372)**
Balance at 31 December 2020	**10,464**	**994**	**4,740**	**99,417**	**115,615**

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

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

	Notes	2021	2020
Cash flows from operating activities			
Profit for the period from continuing operations		38,677	29,862
Loss for the period from discontinued operations		-	(259)
Depreciation and amortization	5	7,926	6,756
Unrealized net foreign exchange differences		1,257	1,945
Impairment of receivables	11	5,519	3,699
(Gain) / Loss from write-down of inventories		369	(62)
(Gain) from the sale of tangible assets		(27)	(113)
Income tax	6	5,894	4,072
Interest income	4	(902)	(775)
Interest expense	4	2,140	3,080
Operating profit before changes in working capital		**60,853**	**48,205**
Changes in working capital			
Decrease in trade and other receivables	11	(108,692)	(24,722)
(Increase) / decrease in the inventories	18	(62,539)	1,898
Increase in trade and other payables	16	158,933	38,203
Cash used in operations		**48,555**	**63,584**
Interest paid		(2,074)	(3,080)
Interest received		902	775
Income tax paid		(7,176)	(7,395)
Cash from operating activities		**40,207**	**53,884**
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets	20,21	(3,487)	(2,921)
Proceeds from sale of Property, plant and equipment and Assets held for sale	20,21	11,577	13,462
Receipts from finance lease receivable		1,455	1,390
Cash generated from investing activities		**9,545**	**11,931**
Cash flows used in financing activities			
Proceeds from borrowings	14	5,560	7,477
Repayment of borrowings	14	(17,738)	(35,193)
Payments for the reduction of the lease liabilities	19	(7,915)	(6,857)
Factoring expenses paid	4	(14,231)	(7,369)
Dividend paid		(15,663)	(23,642)
Cash used in financing activities		**(49,987)**	**(65,584)**
Cash and cash equivalents at the beginning of the period	**13**	**682**	**451**
Increase/(decrease) in cash and cash equivalents		(235)	231
Cash and cash equivalents at the end of the period	**13**	**447**	**682**

This section includes general information about the Company and its structure as well as material accounting policy information that relate to the financial statements as a whole. Material accounting policy information and related estimates, judgements and assumptions in the application of those policies specific to a particular item are included within the note referring to that specific item. Accounting policies relating to non-material items are not included in these financial statements.

1 GENERAL INFORMATION

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

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

2 BASIS OF PREPARATION

Compliance statement

These financial statements as at and for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for land and buildings, which are carried at revalued amounts.

Consistent application of accounting policies

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

Functional and presentation currency

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

Going concern

After consideration of the Company's liquidity, gearing level, budgeted cash flows and related assumptions, management believes that the Company has adequate resources to continue as a going concern for the foreseeable future and these financial statements are prepared on this basis.

Standards newly applicable for periods starting 1 January 2021

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

- ***Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2***
  The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- ***Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)***
  These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

New IFRS standards effective after 1 January 2022

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

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

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

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

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

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

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

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

- ***Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions***
  As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. Effective date: annual periods beginning on or after 1 April 2021.
- ***Amendments to IAS 1, Presentation of financial statements', on classification of liabilities***
  These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Effective date: deferred until accounting periods starting not earlier than 1 January 2024
- ***Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction***
  These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective date: annual periods beginning on or after 1 January 2023.

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

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

Notes to the Financial Statements
Financial performance

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

This section provides information about the financial performance of the Company. The section covers material accounting policy information, with a focus on those areas where IFRS either allow a choice or do not deal with a particular type of transaction, and significant judgements and estimates made in relation to particular items. The section concludes with details about the Company's tax result in the year and current and deferred tax assets and liabilities held at the end of the period.

3 REVENUE

The Company generates revenue mainly through distribution of advanced technological solutions (i.e. certified seeds, fertilisers, plant protection products and fuel) to farmers.

Sales with normal delivery

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

Significant judgement - bill and hold arrangements

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

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

As part of 'bill and hold' arrangements, the Company concludes a custody contract with the buyer, who accepts legal ownership of the goods sold. The Company's management is satisfied that control of the goods sold goods is transferred to the farmer (and related revenue is recognized) when the warehouse certificates are issued, confirming separate storage and availability for delivery.

Value of inventories held by the Company on behalf of third parties as part of bill and hold arrangements were as follows:

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

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

Other revenue

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

Financing component

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

Singificant estimate - variable consideration

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

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

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

	2021	**2020**
Revenue from goods sold		
Crop protection	474,530	355,744
Diesel oil	473,839	362,684
Fertilizers	554,351	232,707
Seeds	199,841	174,797
	1,702,561	**1,125,932**
Other revenue	13,833	9,194
Revenue	**1,716,394**	**1,135,126**

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

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

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

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

4 NET FINANCIAL RESULT

All interest income and expenses are measured and recognised using the effective interest method, as prescribed by IFRS 9.

Significant components of interest income and expense as included in the profit or loss of 2021 and 2020 are presented below:

	2021	**2020**
Interest Income	902	775
Other finance revenue	118	56
Finance Income	**1,020**	**831**
Interest Expense	(2,140)	(3,053)
Net FX losses	(2,555)	(1,108)
Factoring expense	(14,231)	(7,299)
Other finance expense	(9)	(71)
Finance Expense	**(18,935)**	**(11,531)**
Net Finance Result	**(17,915)**	**(10,700)**

Factoring commission – for the twelve months period ended 31 December 2021, the turnover of the invoices to which these commissions relate to are in amount of thousand Ron 179,862 (2020: thousand Ron 97,540).

5 BREAKDOWN OF EXPENSES BY NATURE

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

Expenses related to the acquisition and distribution process (e.g.: inbound and outbound transportation related expenses, salaries of the warehousing personnel, purchases, logistics and sales teams, rent of warehouses, third party storage cots, consumables, depreciation of warehousing equipment and of warehouse improvements etc.) are allocated to Cost of sales. Expenses incurred to support the functioning of the business but which are not directly related to the distribution process (e.g. support functions including finance or human resources, headquarters rent etc.) are allocated to Administrative expenses. Headquarters rent is allocated between cost of sales and administrative expenses based on the area occupied by respective teams.

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

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

	2021	2020
Merchandise	(1,560,901)	(1,016,817)
Transportation expenses	(13,300)	(8,537)
Employees' cost	(45,391)	(37,502)
Third party services	(7,111)	(6,601)
Software expenses	(1,172)	(1,166)
Maintenance expense	(3,869)	(2,246)
Consumables' expense	(3,380)	(2,954)
Protocol and publicity expenses	(2,422)	(1,412)
Depreciation	(7,926)	(6,744)
Other	(3,018)	(3,228)
Total, *of which*	**(1,648,490)**	**(1,087,207)**
Cost of sales	(1,622,851)	(1,065,788)
Administrative expenses	(25,639)	(21,419)

6 CURRENT AND DEFERRED INCOME TAX

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

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

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

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

Significant Judgement – Income tax

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

One of the main sources of tax uncertainy related to transfer pricing. Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to

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

prepare and make available upon written request of the Romanian tax authorities their transfer pricing documentation file. Notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments.

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

Significant components of the income tax expense are presented below:

	2021	2020
Current tax	(7,384)	(5,376)
Deferred tax	1,490	1,169
Income tax expense, *of which:*	**(5,894)**	**(4,207)**
attributable to profit from continuing operations	(5,894)	(4,072)
attributable to profit from discontinued operations	-	(135)

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

	2021	2020
Accounting profit before tax	44,571	33,675
Tax charge at the statutory tax rate of 16%	7,131	5,388
Tax effect on non-taxable income, *of which*:	***(5,258)***	***(2,729)***
Reversal of write-down of receivables	(2,703)	(333)
Reversal of write-down of inventories and other	(167)	(803)
Tax credit related to sponsorship	(1,278)	(856)
Other fiscal facilities	(1,110)	(737)
Tax effect on non-deductible expense, *of which*:	***4,021***	***1,413***
Write down of receivables	2,510	443
Inventory related losses and other	1,303	816
Sponsorship	208	154
Income tax expense	**5,894**	**4,072**
Effective tax rate	13.2%	12.1%

Notes to the Financial Statements
Financial performance

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

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

	1 January 2021			**31 December 2021**	
	Deferred tax assets	**Deferred tax liabilities**	**(Charged) / Credited to profit or loss**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	-	(789)	(53)	-	(842)
Expected credit losses	297	-	1,543	1,840	-
	297	**(789)**	**1,490**	**1,840**	**(842)**

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

	1 January 2020			**31 December 2020**	
	Deferred tax assets	**Deferred tax liabilities**	**(Charged) / Credited to profit or loss**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	-	(1,660)	871	-	(789)
Expected credit losses	-	-	298	297	-
	-	**(1,660)**	**1,168**	**297**	**(789)**

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

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

7 FINANCIAL RISKS MANAGEMENT

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

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

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

i. Credit risk

Credit risk is the risk of suffering financial loss should any of the Company's customers, clients or market counterparties fail to fulfill their contractual obligations to the Company.

Credit risk arises mainly from trade receivables but can also arise from other receivables from sales of non-current assets or from cash equivalents. Credit risk is the single largest financial risk for the Company's business. The Company's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the statement of financial position.

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. Where relevant, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2021 was determined as follows for trade receivables:

DPD	**Not due**	**1-30**	**31-60**	**61-90**	**91-180**	**181-365**	**> 365**	**Total**
ECL rate (%)	0.26	2.46	9.85	20.86	63.37	69.42	100	
Trade receivables	413,180	10,337	10,057	3,340	5,509	159	17,132	459,714
ECL	1,070	255	991	697	3,491	110	17,132	23,746

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

Comparative information as at 31 December 2020 is included below:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.18	2.19	9.70	11.32	21.81	48.06	97.21	
Trade receivables	342,818	6,756	2,919	6,737	10,173	217	31,001	400,621
ECL	610	148	283	762	2,218	104	30,135	34,260

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

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

	2021 Trade receivables	2021 Other receivables	2020 Trade receivables	2020 Other receivables
Opening Balance	(34,260)	(5,970)	(31,648)	(5,872)
Amounts written off	16,033	5,407	990	-
Net Impairment charge	(5,519)	-	(3,602)	(98)
Closing Balance	**(23,746)**	**(563)**	**(34,260)**	**(5,970)**

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

ii. Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and commodities prices.

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

ii.1. Commodities price risk

In its normal course of business the Company is exposed to commodities price risk. As commodities (especially gas, energy and oil) represent significant inputs in the manufacturing process of fertilisers and crop protection products, there is a high correlation between prices of most fertilisers and crop protection products, and commodity prices. The Company manages this risk by monitoring the global, regional and local market landscapes as well as its open position at any given time. The open position is managed within approved limits and monitored directly by the Company's CEO. Short positions are avoided as firm sale commitments never exceed the sum of available inventories and firm purchase commitments.

Commodity Markets Outlook report issued by World Bank in October 2021 highlights that the rally in energy prices, especially coal and natural gas, has sharply increased agricultural input costs, including fertilisers and crop protection products. High energy prices forced some chemical companies to halt

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

or reduce production capacity. Surging natural gas prices in Europe resulted in widespread production cutbacks in ammonia—an important input for nitrogen fertilisers—while escalating thermal coal prices in China led to a rationing of electricity use in some provinces and forced fertiliser factories to cut production. Significant production facilities in Romania have also announced their intention to interrupt their activity due to increased energy and gas prices.

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

In this context, during the second half of 2021 the local market experienced significant shortages in fertilisers and crop protection products. Such shortages are only expected to be exacerbated by export restrictions and geopolitical contexts. Our market position and financial stability allowed us to continue to serve our customers and build up stocks of both fertilisers and crop protection products in preparation for the 2022 spring agricultural campaigns (refer to Note 18 for details on the Company's fertilisers and crop protection products inventory levels). As part of their risk mitigation strategies, a significant number of our customers chose to secure their purchases by placing firm acquisition orders backed by prepayments (refer to Note 12 for details on advances received from customers).

ii.2. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro ("EUR") and US dollar ("USD"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

The Company's exposure to foreign currency risk at the end of the reporting period, showing the Company's monetary financial assets and financial liabilities, at their carrying amounts, by denomination currency, was as follows:

	31 December 2021		**31 December 2020**	
	EUR	**USD**	**EUR**	**USD**
Assets				
Cash and bank balances	43	23	25	23
Trade and other receivables	177	-	221	71
Total assets	**220**	**23**	**246**	**94**
Liabilities				
Borrowings	179	-	10,913	-
Trade and other payables	49,995	23,050	24,559	8,018
Total Liabilities	**50,174**	**23,050**	**35,472**	**8,018**
Net financial position	**(49,954)**	**(23,027)**	**(35,226)**	**(7,924)**

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

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

	2021 **EUR strengthening by 3.4%**	**2020** **EUR strengthening by 2.5%**
Gain / (loss) before tax of:	(1,680)	(881)
Equity	(1,411)	(740)

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

ii.3. Interest rate risk

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to attract floating rate borrowings, and all its borrowings as at 31 December 2021 are floating rate.

The Company's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates. The exposure of the Company to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows (assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates).

asset / liability class	**up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 year and above**	**Total**
Other non-current receivables	-	-	-	7,424	7,424
Trade and other receivables	23,505	15,309	415,926	-	454,740
Cash and cash equivalents	447	-	-	-	447
Total financial assets	**23,952**	**15,309**	**415,926**	**7,424**	**462,610**
Bank borrowings	33,038	10,014	-	-	43,052
Trade and other payables	68,325	20,441	323,259	-	412,025
Total financial liabilities	**101,363**	**30,455**	**323,259**	**-**	**455,077**
Interest repricing gap	**(77,412)**	**(15,146)**	**92,667**	**7,424**	**7,533**

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

Comparative information as at 31 December 2020 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Other non-current receivables	-	-	-	18,827	18,827
Trade and other receivables	26,896	8,354	344,099	-	379,349
Cash and cash equivalents	682	-	-	-	682
Total financial assets	**27,578**	**8,354**	**344,099**	**18,827**	**398,858**
Bank borrowings	55,029	-	-	-	55,029
Trade and other payables	33,679	8,595	244,494	-	286,767
Total financial liabilities	**88,708**	**8,595**	**244,494**	**-**	**341,797**
Interest repricing gap	**(61,131)**	**(241)**	**99,605**	**18,827**	**57,061**

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

	2021 **Interest higher/lower by 1%**	**2020** **Interest higher/lower by 1%**
Gain / (loss) before tax of:	(763)	(906)
Equity	(641)	(761)

iii. Liquidity Risk

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

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

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

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

	31 December 2021	31 December 2020
Undrawn Uncommitted facilities, *of which:*	**155,528**	**183,857**
[expiring within one year]	155,528	168,857
[expiring beyond one year]	-	15,000
Total available undrawn facilities, *of which:*	**155,528**	**183,857**
[expiring within one year]	155,528	168,857
[expiring beyond one year]	-	15,000

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

Analysis of financial assets and liabilities

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

31 December 2021	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Other non-current receivables	-	-	7,424	-	7,424
Trade and other receivables	40,838	413,902	-	-	454,740
Finance lease receivables	323	134	143	13	613
Cash and cash equivalents	447	-	-	-	447
Expected inflows on assets	**41,608**	**414,036**	**7,567**	**13**	**463,224**
Bank borrowings	29,050	14,794	-	-	43,844
Finance lease liabilities	3,093	2,346	3,528	1,687	10,654
Trade and other payables	133,545	278,480	-	-	412,025
Expected outflows on liabilities	**165,688**	**295,620**	**3,528**	**1,687**	**466,523**
Net gap	**(124,081)**	**118,416**	**4,039**	**(1,674)**	**(3,300)**

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

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Other non-current receivables	-	-	17,030	1,797	18,827
Trade and other receivables	35,917	343,432	-	-	379,349
Finance lease receivables	548	374	58	-	980
Cash and cash equivalents	682	-	-	-	682
Expected inflows on assets	**37,147**	**343,807**	**17,088**	**1,797**	**399,838**
Bank borrowings	29,408	26,905	-	-	56,313
Lease liabilities	3,902	3,210	3,774	1,903	12,789
Trade and other payables	45,504	241,264	-	-	286,768
Expected outflows on liabilities	**78,813**	**271,380**	**3,774**	**1,903**	**355,870**
Net gap	**(41,667)**	**72,426**	**13,314**	**(106)**	**43,967**

Notes to the Financial Statements
Risk Management

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

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

31 December 2021	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Bank borrowings	43,845	-	-	-	43,845
Lease liabilities	3,093	2,346	3,528	1,687	10,654
Trade and other payables	133,545	278,480	-	-	412,025
Total	**180,483**	**280,826**	**3,528**	**1,687**	**466,524**

Comparative analysis as at 31 December 2020 is presented below:

31 December 2020	**0 to 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**total**
Bank borrowings	56,313	-	-	-	56,313
Lease liabilities	3,902	3,211	3,774	1,903	12,790
Trade and other payables	45,504	241,264	-	-	286,768
Total	**105,719**	**244,475**	**3,774**	**1,903**	**355,870**

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

This section includes information about the Company's share capital, the Company's equity, what is managing as capital and capital management practices within the Company.

8 EQUITY

Issued share capital

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

	2021		2020	
Ordinary shared, issued and fully paid:	**thousand**	**RON'000**	**thousand**	**RON'000**
at 1 January	104,636	10,464	104,636	10,464
issued during the period	-	-	-	-
at 31 December, *of which owned by:*	**104,636**	**10,464**	**104,636**	**10,464**
Agricover Holding SA	90,641	9,064	90,641	9,064
Adama Agriculture B.V	10,464	1,046	10,464	1,046
Others	3,531	354	3,531	354

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

Reserves breakdowns

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in reserves during the year, including the revaluation reserve. A description of the nature and purpose of each reserve is provided below the table.

	Revaluation Reserve	**Other reserves**
at 1 January 2020	**20,376**	**3,561**
Revaluation reserves realised	(19,382)	-
Increase in other reserves	-	1,179
at 31 December 2020	**994**	**4,740**
Increase in other reserves	-	2,372
at 31 December 2021	**994**	**7,112**

Revaluation reserves

The property, plant and equipment revaluation reserves is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale or disposal of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings (refer to note 20 for details).

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

9 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

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

In recent years it has been the Company's practice to distribute around 60% of its net profit as dividends. In order to manage its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

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

10 OVERVIEW OF FINANCIAL INSTRUMENTS

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

	Note	31 December 2021	31 December 2020
Financial assets at amortised cost:		**462,164**	**398,176**
Trade and other receivables	11	454,740	379,349
Other non-current assets	11	7,424	18,827
Financial liabilities at amortised cost:		**451,942**	**341,057**
Borrowings	14	43,052	55,029
Trade and other payables	16	408,890	286,028

Initial recognition and measurement

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

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

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

Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, as described in note 7.i, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Classification and subsequent measurement

The Company applies IFRS 9 and classifies its financial assets at amortised cost.

Classification and subsequent measurement depend on:

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

assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

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

Expected credit losses

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its trade and other receivables and recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money where significant; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 7.i.

Classification of financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for derivatives held for risk management purposes which are not designated as part of a hedging relationship.

Derecognition

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

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

11 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Payment terms depend on type of goods acquired and financing options selected by the client (e.g. own funds, loans from other entities within the Agricover group or commercial credit), however all maturities are within an agricultural season. Therefore all trade receivables all classified as current. Trade receivables do not include a financing component and are recognised initially at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods (refer to Note 3 for details around the measurement of the variable consideration represented by "commercial discounts").

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

The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 7.i.

	31 December 2021	31 December 2020
Trade receivables	681,017	552,378
Expected commercial discounts (note 3)	(221,303)	(151,756)
Trade receivables net of expected discounts	**459,714**	**400,622**
Less: allowance for trade receivables	(23,746)	(34,260)
Trade receivables – net	**435,968**	**366,362**
Receivables from related parties (note 23)	20,235	23,300
Other receivables	6,524	14,484
Total other receivables	**26,759**	**37,784**
Less: allowance for other receivables	(563)	(5,970)
Total other receivables	**26,196**	**31,814**
Total, *of which:*	**462,164**	**398,176**
current portion	454,740	379,349
non-current portion, *of which:*	7,424	18,827
Receivables from related parties	4,687	13,535
Other receivables	2,737	5,292

Other receivables classified as at 31 December 2021 and as at 31 December 2020 as a non-current refer mainly to receivables from fixed assets sold with payment term above one year, with final maturity in 2024. The long-term receivables are guaranteed by pledges on the sold assets and in case of default on payments the Company would regain posesion of the respective assets.

12 OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Advances for inventories	21,825	2,984
Right to returned goods	8,129	-
Prepayments	2,328	1,927
Advances to suppliers	290	41
Total other current assets	**32,572**	**4,952**

Advances for inventories

Increase in advances for inventories are determined by surging prices and shortages of fertilisers and crop protection products, mainly generated by rallies in commodities prices. To ensure supplies and build up inventory levels in preparation for the 2022 spring campaign we accepted to pay higher advances to selected suppliers (refer to note 7.ii.1 for commodities price risk details).

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

Right to returned goods

In accounting for the implicit right of return for products sold to customers, the Company recognises the “Right to returned goods” asset (with a corresponding adjustment to cost of sales) representing its right to recover the products when it settles the refund obligation (refer to Note 10 which includes detailed accounting policy for regonising an measuring the right of return).

13 CASH AND CASH EQUIVALENTS

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

As at 31 December 2021 and 31 December 2020 Cash and cash equivalents presented in the Statement of financial position and in the Statement of cash flows are represented by current accounts held with highly reputable local banks.

14 BORROWINGS

	31 December 2021	31 December 2020 restated
Current		
Local bank borrowings	43,052	55,029
Total current borrowings	**43,052**	**55,029**
Total borrowings	**43,052**	**55,029**

Correction of prior period error

The Company reclassified bank borrowings amounting to 15 million RON presented at 31 December 2020 in non-current liabilities to current liabilities to account for the uncommitted nature of the respective financing agreements. It is the Company’s practice to roll-over its main financing facilities as they become due, with the objective of optimising both the sources and the cost of its debt.

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

	31 December 2020 as previously reported	Increase / (decrease)	31 December 2020 restated
Non-current			
Bank borrowings	15,000	(15,000)	-
Total non-current borrowings	**15,000**	**(15,000)**	**-**
Current			
Bank borrowings	40,029	15,000	55,029
Total current borrowings	**40,029**	**15,000**	**55,029**
Total borrowings	**55,029**	**-**	**55,029**

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

Bank borrowings

All bank borrowings bear floating interest rates and are secured by pledges on inventories and on current accounts opened at respective banks and by assignment of receivables. The carrying amounts of assets pledged as security are disclosed in note 22.

Compliance with covenants

Under the terms of its major borrowing facilities and of its engagements took under the prospectus of the bonds issued by its Parent, the Company is required to comply with certain financial covenants. The following covenants are computed taking into consideration only the continuing activities of the Company for both reporting periods.

The management closely monitors the levels of such covenants, as follows:

#	Covenant	Reference/ Note	31 December 2021	31 December 2020
=A/B	**Current ratio**		**1.24**	**1.24**
A	Current assets	SOFP*	606,250	441,768
B	Current liabilities	SOFP	490,179	356,566
=(C+D)/E	**Short-term borrowing ratio**		**2.84%**	**5.49%**
C	Short Term Borrowing	14	43,052	55,029
D	Current lease liability	19	5,620	7,241
E	Net Turnover	3	1,716,394	1,135,126
=(F+G-H)/K	**Debt ratio**		**0.75**	**1.30**
F	Borrowings	14	43,052	55,029
G	Lease liability	19	10,403	12,493
H	Cash and cash equivalents	SOFP	447	682
K=I+J	EBITDA		70,412	51,513
I	Operating profit	SOCI*	62,486	44,769
J	Depreciation	5	7,926	6,744
=K/L	**EBITDA Interest coverage**		**32.90**	**16.87**
L	Interest expense	4	2,140	3,053
=M/N	**Gearing ratio**		**0.39**	**0.58**
M=F+G	Total Debt		53,455	67,522
F	Borrowings	14	43,052	55,029
G	Lease liability	19	10,403	12,493
N	Total equity	SOFP	137,584	115,615

* SOFP – Statement of Financial Position as included in these financial statements.
* SOCI – Stamente of Profit or Loss and Other Comprehensive Income

The Company has complied with all financial covenants imposed by its borrowing facilities during 2021 and 2020 reporting periods.

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

Changes in liabilities arising from financing activities

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

	2021		2020	
	Borrowings	Lease liability (note 19)	Borrowings	Lease liability (note 19)
at 1 January	**55,029**	**12,493**	**82,478**	**16,658**
Withdrawals	5,560	-	7,477	-
new contracts	-	5,698	-	2,565
Repayments	(17,738)	(7,915)	(35,193)	(6,857)
interest accrued in the period	1,838	236	2,805	275
interest paid	(1,838)	(236)	(2,805)	(275)
foreign exchange rate effect	201	126	267	127
at 31 December	**43,052**	**10,402**	**55,029**	**12,493**

15 CONTRACT LIABILITIES

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

	31 December 2021	31 December 2020
Advances from customers	26,454	4,883
Deferred revenues	634	459
Total	**27,088**	**5,342**

Increase in advances from customers are determined by surging prices and shortages of fertilisers and crop protection products, mainly generated by rallies in commodities prices. To mitigate price and availability risk farmers chose to secure their acquisitions by placing firm orders backed by prepayments (refer to note 7.ii.1 for commodities price risk details).

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

16 TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Trade payables	394,995	287,572
Expected commercial discounts	(56,705)	(55,771)
Trade payables net of expected discounts	**338,290**	**231,801**
Payables to related parties (note 23)	45,142	46,095
Fixed assets suppliers	371	16
Refund liability	10,459	-
Dividends payable	2,119	1,075
Salaries and related taxes	12,509	7,041
Total other payables	**70,600**	**54,227**
Total	**408,890**	**286,028**
Other non-financial liabilities		
VAT payable	2,781	660
Other current liabilities	354	79
	3,135	**739**
Total trade and other payables	**412,025**	**286,767**

Trade and other payables are unsecured and their carrying amounts are considered to be the same as their fair values, due to their short-term nature.

Singificant estimate – expected commercial discounts

The Company receives from its suppliers discounts for compliance with contractual payment terms (similar discounts are offered by the Company to its customers – refer to Note 3 for details). Such commercial or settlement discounts received are deducted from the cost of inventories to the extent that it is probable that they will take effect. In its estimation of the such probabilities the management considers past patterns as well as new information available to the treasury and risk teams of the Company. Considering the solid financial position and liquidity of the Company, substantially all commercial invoices in 2021 and 2020 were settled within the payment terms agreed with the suppliers.

Refund liability

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

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

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

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

The refund liability represents the amount of consideration that the Company expects to refund to its customers. The refund liability is remeasured at each reporting date to reflect changes in the estimate of returns, with a corresponding adjustment to revenue. The asset represents the Company's right to receive goods (inventory) back from the customers when it settles the refund obligation. The asset is initially measured at the carrying amount of the goods at the time of sale, less any expected costs to recover the goods and any expected reduction in value. The returns asset is presented separately from the refund liability (refer to Note 12). The amount recorded as an asset is updated for changes in the refund liability and for other changes in circumstances that might suggest an impairment of the asset.

17 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of trade and other receivables

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

Fair value of non-current receivables was estimated by considering interest rates from borrowings contracted by the Company in 2021, is classified in level 2 of the fair value hierarchy, and is presented below:

	31 December 2021	31 December 2020
Carrying value	7,424	18,827
Fair value	7,367	18,622

Fair value of financial liabilities

All Company's borrowings bear floating interest rates and their carrying amount aproximates their respective fair values. Trade and other financial liabilities are short term, the discounting effect is insignificant hence their carrying amount aproximates their respective fair values.

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

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

- Inventories (note 18);
- Leases (note 19);
- Property, plant and equipment (note 20);
- Intangible assets (note 21);

and related material accounting information, judgement and estimates.

18 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts (refer to Note 16). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

	31 December 2021	31 December 2020
Certified seeds	2,425	2,835
Fertiliser	46,799	11,834
Crop protection	68,392	40,652
Total carrying amount of goods purchased for resale	**117,616**	**55,321**
Packaging, spare parts and other consumables	417	542
Total	**118,033**	**55,863**

Increase in inventories of fertilisers and crop protection products is driven by the turmoil and shortages on these markets. Given surges of commodities prices, which represent a significant input in the production of both fertilisers and crop protection products local and global production facilities have ceased or interrupted their activities. In this context the Company decided to timely secure inventories needed to meet the local demand for the 2022 spring campaign (refer to Note 7.ii.1 for further details around commodities price risk).

19 LEASES

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date and subsequently updated based on the index or rate

valid at each reporting period;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option; and
- payments to be made under reasonably certain extension options.

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

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

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

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

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the lessee and not by the respective lessor. Lease contracts of the Company do not include purchase options. Right of use assets are depreciated over the shortest of the asset's useful life or the lease term (which is impacted by reasonably certain prolongation or early termination options available to the Company).

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

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

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

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

Significant estimate – discount rate

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

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

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

Management then makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Significant inputs used by the Company in measuring lease liabilities and right of use assets are details below:

	Buildings		**Vehicles**	
	2021	**2020**	**2021**	**2020**
Weighted average incremental borrowing rate	1.95%	1.95%	2.85%	2.85%
Weighted average residual lease term	2.46	2.46	1.81	1.81
Weighted average lease term at recognition	2.10	2.10	1.57	1.57

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

The balance sheet shows the following amounts relating to leases:

	31 December 2021	**31 December 2020**
Right of use assets		
Buildings	3,382	5,240
Vehicles	6,440	6,214
Equipment	71	89
	9,893	**11,543**
Lease liabilities		
Current	5,620	7,241
Non-current	4,783	5,252
	10,403	**12,493**

Lease liabilities

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

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

Right of use assets

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

	Buildings	Equipment	Vehicles	Total
As at 01 January	5,240	89	6,214	11,543
Additions	793	-	3,914	4,707
Depreciation	(2,651)	(18)	(3,688)	(6,357)
As at 31 December	**3,382**	**71**	**6,440**	**9,893**

Comparative information for 2020 is presented below:

	Buildings	Equipment	Vehicles	Total
As at 01 January	7,031	570	6,868	14,469
Additions	639	-	1,926	2,565
Depreciation	(2,430)	(481)	(2,580)	(5,491)
As at 31 December	**5,240**	**89**	**6,214**	**11,543**

The statement of profit or loss shows the following amounts relating to leases:

	Note	2021	2020
Depreciation charge for right of use assets:			
Buildings		(2,651)	(2,430)
Equipment		(18)	(481)
Vehicles		(3,688)	(2,580)
	5	**(6,357)**	**(5,491)**
Interest expense (included in interest cost)	4	236	275

The total cash outflow for leases in 2021 was thousand RON 7,915 (2020: thousan RON 6,857).

20 PROPERTY, PLANT AND EQUIPMENT

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

A revaluation surplus is credited to reserves in shareholders' equity. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be debited to reserves in shareholders' equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.All other property, plant and equipment is recognised at historical cost less depreciation. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such impairment indicators were identified during the reporting period.

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

- Buildings — 16 to 28 years
- Buildings improvements — in line with lease agreement period
- Vehicles and machinery — 3 to 10 years
- Furniture and equipment — 3 to 12 years

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

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

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

	Land and buildings	Vehicles and machinery	Furniture and equipment	Construction in progress	Total
Gross book value	1,764	2,099	1,763	17	5,643
Accumulated depreciation	(713)	(995)	(681)	-	(2,390)
Net book value at 1 January 2021	**1,051**	**1,104**	**1,083**	**17**	**3,254**
Additions	83	515	175	-	773
Disposals at cost	(15)	(68)	(74)	-	(157)
Depreciation charge	(140)	(368)	(224)	-	(733)
Depreciation of disposals	15	68	74	-	157
Transfers	-	-	17	(17)	-
Net book value at 31 December 2021	**994**	**1,251**	**1,050**	**-**	**3,294**
Gross book value	1,832	2,546	1,881	-	6,259
Accumulated depreciation	(838)	(1,295)	(831)	-	(2,965)

Comparative information for 2020 is included below:

	Land and buildings	Vehicles and machinery	Furniture and equipment	Constructi on in progress	Total
Gross book value	1,775	1,380	1,659	203	5,017
Accumulated depreciation	(369)	(931)	(476)	-	(1,776)
Impairment	(4)	(3)	-	-	(7)
Net book value at 1 January 2020	**1,402**	**446**	**1,182**	**203**	**3,234**
Additions	56	945	111	-	1,112
Disposals at cost	(3)	(226)	(7)	(186)	(422)
Depreciation charge	(341)	(257)	(205)	-	(803)
Depreciation of disposals	-	196	-	-	196
Transfer to assets held for distribution:					
Gross book value	(63)	-	-	-	(63)
Accumulated depreciation	-	-	-	-	-
Net book value at 31 December 2020	**1,051**	**1,104**	**1,082**	**17**	**3,254**
Gross book value	1,764	2,099	1,763	17	5,644
Accumulated depreciation	(713)	(995)	(681)	-	(2,390)

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

21 INTANGIBLES

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

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

The reconciliation of the carrying amount of each significant class of intangibles is presented below:

	2021 **Software licences**	**2020** **Software licences**
Gross book value	10,065	8,353
Accumulated amortisation	(7,590)	(7,132)
Net book value at 1 January	**2,475**	**1,221**
Additions	3,013	1,720
Disposals	(122)	(7)
Accumulated amortisation of disposals	2	5
Amortisation charge	(836)	(464)
Net book value at 31 December	**4,532**	**2,475**
Gross book value	12,956	10,066
Accumulated amortisation	(8,424)	(7,591)

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

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

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

22 DISCONTINUED OPERATIONS

The Company had no discontinued operations active during the reporting period ended 31 December 2021. The loss from discontinued operations in the comparatives relates to a) Grains and Silos, and b) Milk lines of business, which were discontinued in 2020. The significant components of that loss are presented below:

	2021	**2020**
Revenue	-	26,596
Cost of sales	-	(27,153)
Change in expected credit losses on trade and other receivables	-	72
Gross loss	**-**	**(485)**
Other income	-	1
Other gains	-	116
Operating loss	**-**	**(368)**
Finance income	-	-
Finance costs	-	(26)
Loss before tax	**-**	**(394)**
Income tax	-	135
Loss for the year from discontinued operations	**-**	**(259)**

Notes to the Financial Statements
Other information

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

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

23 RELATED PARTIES TRANSACTIONS

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

Category	Definition	Impact on the consolidated financial statements
Parent	entity that controls the Company	the main shareholder of the Company is Agricover Holding SA.
Key management	persons having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries,	there are no significant transactions between the Company and key management. key management compensation is disclosed below in this note.
Other related parties	related parties that do not fall under any of the above categories, and are not subsidiaries, associates or joint ventures of the Company	significant transactions with other related parties are disclosed below in this note.

Ultimate controlling party

The ultimate beneficial owner of the Company is Mr. Kanani Jabbar, who owns 87,269% of the share capital of the Company's Parent (31 December 2020: 87,269%).

Key management compensation

During 2021 compensation granted to key management personnel amounts to RON 4,473 (2020: RON 3,710). It represents short term benefits, including monthly salaries and performace bonuses. There are no other types of benefits or commitments granted by the Company to key management.

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

Transactions with related parties

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

	2021	**2020**
Sales to other related parties:	**15,788**	**19,253**
Sale of property plant and equipment	9	7,109
Sale of services	-	44
Sale of goods	15,779	12,100
Rent revenue from other related parties	1,429	1,120
Acquisitions from other related parties:	**54,841**	**43,620**
Purchase of services	3,673	2,693
Purchase of goods	51,168	40,927
Financial expenses with other related parties	14,231	7,299
Interest income from other related parties	-	185

During 2021 AGV Technology SA, wholly owned by the Company's Parent, acted as an agent for the Company in relation to IT licenses and other service acquisitions with a total cost of thousand RON 1,698 (2020: nil).

Commissions paid by the Company to Agricover Credit IFN (wholly owned by the Company's Parent) for cross-sale transactions are deducted from Revenue and amount to thousand Ron 3,511 in 2021 (2020 : thousand RON 4,374).

Outstanding balances arising from transactions with related parties

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

	Note	**2021**	**2020**
Receivables from other related parties:			
Trade and other receivables	11	20,848	24,329
Payables to related parties:			
Trade and other payables	16	47,261	47,169

24 ASSETS PLEDGED AS SECURITY

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

	Note	**31 December 2021**	**31 December 2020**
Current Assets:			
Trade and other receivables	11	97,691	73,457
Inventories	18	112,827	56,188

Pledges on inventories are periodically renewed to include the value of all inventories as at each specific renewal date. In the table above the Company includes the lower of the value of pledged inventories as per the latest renewal agreement and the value of inventories as at the reporting date, as there are no restrictions on the Company's access to such inventories or its right to sell pledged inventories in the normal course of the business.

25 COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

Letters of credit and guarantees (including standby letters of credit) commit the Company to make payments on behalf of customers in the event that the customer cannot meets its contractual payment obligations. Guarantees and standby letters of credit carry a similar credit risk to loans. As at 31 December 2021, the Company has issued guarantee letters with expiry period within 1 year with a total nominal value of thousand EUR 1,161 (31 December 2020: thousand EUR 517).

26 EVENTS AFTER THE REPORTING PERIOD

In February 2022, the Russian Federation recognised Donetsk and Luhansk as independent states and subsequently invaded Ukraine. The military conflict escalated and spread to other regions of the country. The escalation of the military conflict and the international economic sanctions against Russian Federation are likely to have a detrimental impact on business environment in Ukraine, in the European Union and globally.

On the inputs side, fertiliser prices had already doubled or tripled, depending on the type, even before the conflict, as described in Note 7.i.ii.1.

In terms of outputs, Russia and Ukraine export around 12% of the calories traded worldwide. Together they rank among the top five exporters of many oilseeds and cereals (including wheat, sunflower, or corn). In Ukraine the war is expected to result in lower yields and area planted. In Russia the risks are economic sanctions, reluctance of traders to buy from a heavily sanctioned country and export restrictions imposed Russia itself.

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

The destabilization of the agribusiness sectors in both Ukraine and Russia could strengthen the strategic importance of the Romanian agriculture and have a positive impact on its development. However, as in any conflict, uncertainty is high. It is unclear how the military situation and political contexts, including sanctions and countermeasures will evolve – in either shorter or longer term.

In view of all the above, as at the date these financial statements were authorised for issue, the situation in Ukraine and its consequences on the economic environment are extremely volatile and inherently uncertain. While the Company does not have a significant direct exposure on neither Ukraine or the Russian Federation, given the ongoing and dynamic nature of the conflict and its repercussions

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

on the global and regional economic environments, the management concluded that a reliable estimate of the financial impact on the Company cannot be presently made. Looking ahead, as main offerings of the Company (including fertilisers and crop protection products) are becoming more and more valuable, the management will continue to focus on ensuring their availability for local farmers. Main projects and investments initiated by the Company are continuing without any major disruptions as at the date of these financial statements were authorized for issue.