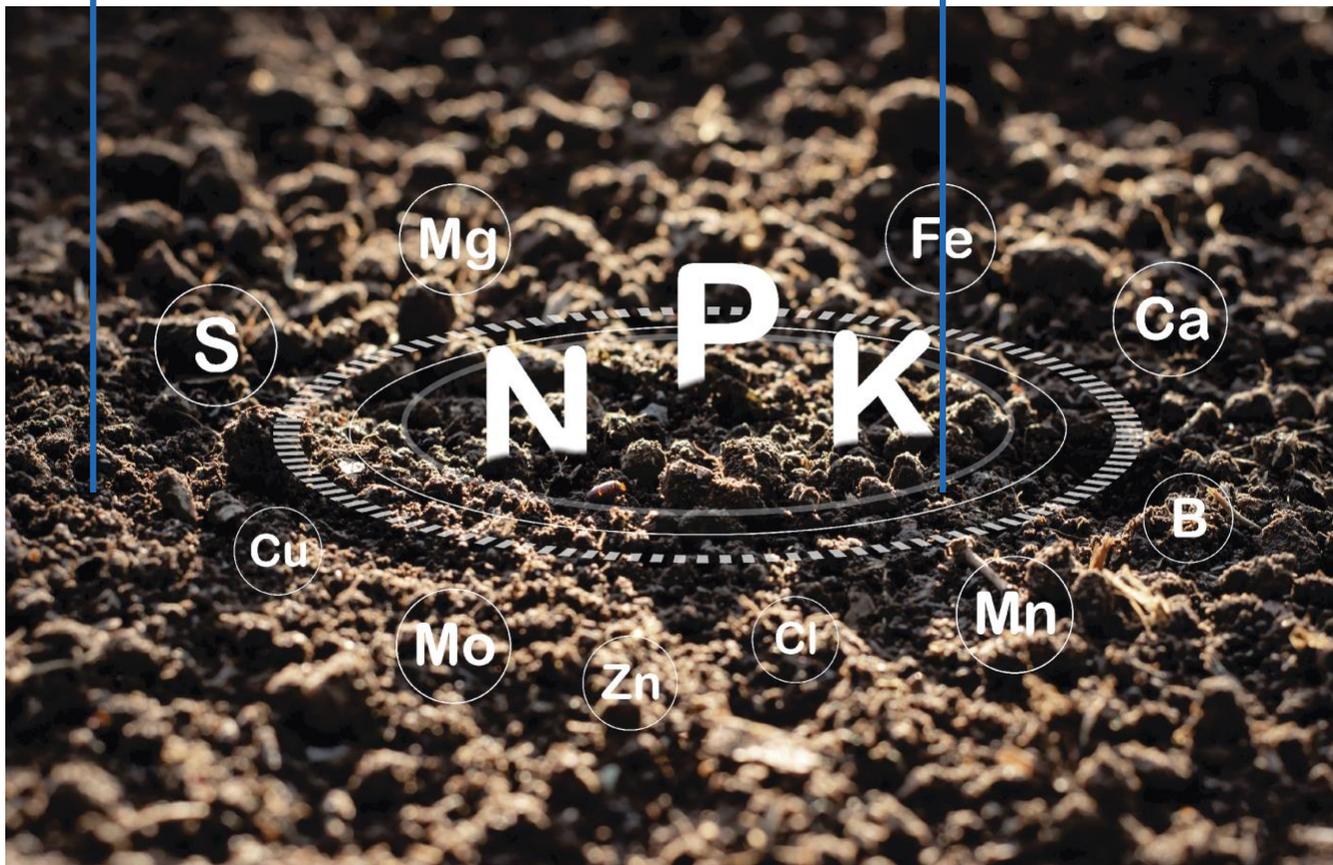


NOROFERT

Simple and profitable
ecological agriculture. With Norofert



Q3 2021 Financial Report as of 30.09.2021

Company listed on the Bucharest Stock Exchange
under the symbol NRF.

REPORT IN ACCORDANCE WITH	ANNEX 13 FROM ASF REGULATION NR. 5/2018
FOR FINANCIAL PERIOD	9M: 01.01.2021 - 30.09.2021 Q3: 01.07.2021 – 30.09.2021
REPORT DATE	23.11.2021
ISSUER'S NAME	NOROFERT S.A.
REGISTERED OFFICE	BUCHAREST STR. LT. AV. ȘERBAN PETRESCU NR. 20, GROUND FLOOR, ROOM 1 AND 2, DISTRICT 1
WORKING POINT	63 JUSTIȚIEI STREET, BUCHAREST, SECTOR 4
PHONE NUMBER	+40 31 860 21 01
EMAIL	INVESTITORI@NOROFERT.RO
FISCAL CODE	12972762
TRADE REGISTRY NUMBER	J40/4222/2000
MARKET ON WHICH THE SECURITIES ARE TRADED	SMT SEGMENT OF THE BUCHAREST STOCK EXCHANGE
SUBSCRIBED AND PAID-UP SHARE CAPITAL	6,859,152 LEI
KEY CHARACTERISTICS OF THE SECURITIES ISSUED BY THE COMPANY	17,147,880 SHARES WITH A NOMINAL VALUE OF 0.4 LEI PER SHARE
SYMBOL	SHARES: NRF BONDS: NRF25

Disclaimer: The financial figures presented in the descriptive part of the report that are expressed in million lei (RON) are rounded off to the nearest integer and may result in small reconciliation differences.

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The interim financial results as of September 30th, 2021 presented on the following pages are **not audited**.

LETTER FROM THE CEO

Dear Shareholders,

Today we are sharing with you the financial results of Norofert S.A. recorded in the first nine months of 2021, a period that brought us growth on all lines of business.

I am happy to announce that our turnover has increased by 59.64% compared to the same period in 2020. We also see an increase in the margin for our core business, the production of inputs for organic farming. This trend will be maintained for 2022, due to the sale of the line of solid fertilizers produced in our factory in Filipești de Pădure.

Q3 2021 brings two business lines that have passed the endurance test and come to strengthen the concept of integrated business, which we have been working on for the past three years. Therefore, Norofert is taking steps to create an agri-food conglomerate covering the entire chain, from vegetable production to inputs and the sale of the obtained products.

We start the Q3 retrospective with the core business of Norofert S.A., the production of inputs for organic farming. As we set out to do, we continue to innovate in organic farming and are grateful to see that the market validates the research work of our colleagues. In 2021, we started the program of "revival" of the soil by the contribution of beneficial microorganisms, which not only bring extra nitrogen, phosphorus, and potassium by unblocking these elements from the ground, but also facilitate and cheapen mechanical, agricultural works by loosening the soil, so compacted after many years of using chemicals. Terra-Clean, Country 600, and N-Bacter products have become the most popular products among farmers who cultivate land in an ecological system and those who want to reduce the intake of chemicals in conventional crops.

We have also seen remarkable growth in the soil fertilizer segment by securing import contracts from Egypt for phosphorus-containing fertilizers. These contracts give us access to the raw material for our fertilizer line. Direct access to the source of raw material extraction ensures stability and predictability for years to come, and multi-annual contracts protect us from the fluctuations observed in the fertilizer market in recent months.

Online sales have increased in terms of the Hobby line, a clear sign that the retail market is maturing and looks for environmentally friendly products. The progress we have made in negotiations with several large retailers will bring a whole new dimension to the Hobby line, starting with the first quarter of 2022.

In the US market, Norofert USA LLC continues with the demo lots, both for farmers and distributors. The good results we recorded in 2020 and 2021 build a substantial basis for the start of sales. We are witnessing the construction of a new market - a long-term project - and for this, every step we take is very carefully calculated. The two sales channels, online and big farms, have already generated sales, which we expect to increase significantly starting with Q1 2022.

Another new line of business for Norofert this year is organic farming. In this regard, I am happy to announce that we have already sown 461 ha of autumn crops (wheat, barley, and rapeseed) in organic conversion system 2. By 2022, the entire surface will become ecologically certified. The surface difference of up to 1,000 ha will be cultivated with corn, starting with March 2022. For the subsidiary Agroprod CEV SRL we are preparing a series of investments that will increase profitability and improve predictability in the face of negative weather phenomena



more and more frequently. We are looking at the construction of grain storage capacities of about 10,000 t, in modern silos, and an automatic irrigation system for 400 ha, with the irrigated areas to increase in the coming years.

The third line of business is the trading of organic cereals and represents the guarantee of the recovery of receivables from the market. As shown by the degree of revenue in the autumn 2020 and spring 2021 seasons, in which we implemented the barter with organic cereals, the business model was validated and integrated into Norofert's commercial policy. Moreover, trading with the organic grain is a vector of turnover growth because we managed to conclude contracts to take over the goods left free after clearing the balances. Through a transparent trade policy and good ecological traceability, we started the trading business with significant quantities of organic sunflower and wheat, using the opportunity to store quantities to track price fluctuations and increase profitability for this business segment..

Furthermore, we firmly maintain our budget forecast for 2021, as approved by the shareholders within the EGMS fom June 2021. BVC Norofert S.A. is published on the company's website and can be accessed [HERE](#).

I invite you now to read in detail about the first nine months of the 2021 year for Norofert Group on the following pages. In case of any questions, do not hesitate to reach us at investitori@norofert.ro.

Vlad Popescu

CEO & President of the Board

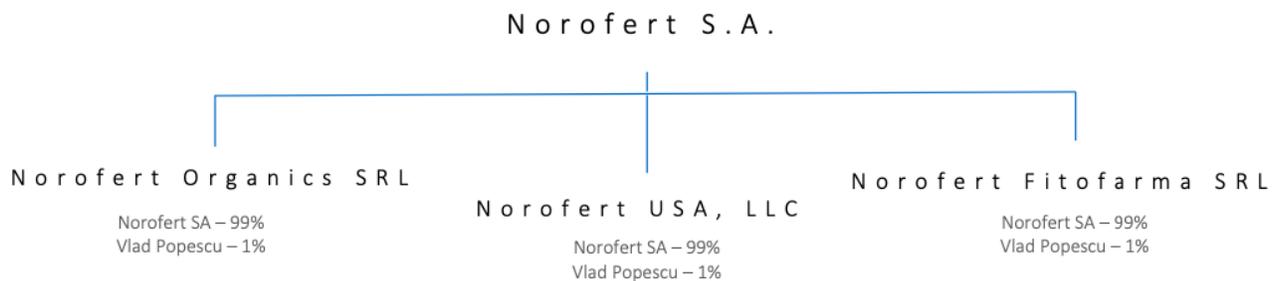
ABOUT THE ISSUER

Norofert Group is a leading Romanian producer of organic agricultural products and an experienced player on the Romanian farming market. Established in 2000 as a family business, the company was initially the importer of high-quality fertilizers from Western markets to Romania. In 2015, with Vlad Popescu taking up the reins, Norofert started producing bio-fertilizers, organic phytosanitary products such as insecticides and fungicides as well as seed and foliar treatments using its original recipes. Between 2017 and 2019, the company has undergone rapid growth after developing a proprietary technology Bio Chain and launching a premiere in the agricultural sector, an effervescent tablet.

Norofert produces fertilizers and agricultural inputs that are available on the market under 3 different brands: Norofert Organics – inputs for organic farming (large crops and horticulture), Karisma – inputs for conventional agriculture (large crops) and Norofert Fito – fertilizers and phytosanitary products for home gardening and small farmers. In addition to the range of 60 different products, grouped into 3 main lines, the company designs customized formulas and optimization schemes that allow the adaptation of organic inputs to the specific needs of the crop depending on the soil, atmospheric conditions and the particularities of each crop.

Norofert products, which are authorized in accordance with EU Regulation 889/2008 implementing EU Regulation 834/2007 and hold additional certificates for quality and compliance from ECOCERT France, are complex mixtures of at least 6 active substances each. These active substances act synergistically, enhance and complement each other, gaining a unique and competitive character between similar products on the profile market.

The activity of the companies is split onto 4 entities, with Norofert SA being the mother company. Norofert Organics and Norofert Fitofarma are Romanian Limited Liability Companies (SRL), with Norofert SA holding 99% and Vlad Popescu, CEO and President of the Board having 1%. Norofert USA, LLC is an Ohio Limited Liability company, established in April 2020 as part of Norofert’s strategy of expansion to the USA.



SIGNIFICANT EVENTS

Significant Events in Q3 2021

Registration of Share Capital Increase operation with Trade Registry

On July 23rd 2021, the share capital increase through capitalization of 2020 profits, as approved by the Extraordinary General Meeting of Shareholders from June 23rd, 2021 was registered with the Romanian Trade Registry (ONRC). Following the registration with the ONRC, the new subscribed and paid share capital of the Company is 6,859,152 lei, divided into 17,147,880 common shares with a nominal value of 0.4 lei each.

Update: According to the schedule communicated by Central Depository, the shares will be loaded in shareholders accounts on September 17th, 2021. More details in Current report no.51/2021 available [here](#).

Conclusion of a partnership with Agrocosm Consult SRL

On August 20th 2021, the Company announced the conclusion of a partnership with the Agrocosm Consult SRL, Romanian horticultural seeds producer. Within this partnership, the Company will provide to Agrocosm fertilizers and biological protection products that will be used for the *Micul Fermier* organic seed line.

Norofert Investor Day

On August 23rd 2021, the Company organized Norofert Investor Day, an event that took place at the Company's factory in Filipeștii de Pădure. During the event, the Company's management presented to participants the sales and product strategy, provided detailed presentation about the opportunities offered by the local agri sector, showcased the production facility as well as answered questions from the audience.

You can watch a summary of the event [here](#).

Share capital increase - receiving CRFI from FSA

On September 15th, 2021, the Company received from the Romanian Financial Supervisory Authority (ASF), the Certificate of the Registration of Financial Instruments (CIIF) no. AC – 4959 – 4/15.09.2021. The CIIF certified the registration of share capital increase with 8,573,940 new shares that were issued as a result of Resolution of the Extraordinary General Meeting of the Shareholders of Norofert S.A. no. 1/23.06.2021. Pursuant to the share capital increase, Norofert S.A.'s share capital of 6,859,152 lei is divided into 17,147,880 nominative shares with a nominal value of 0.4 lei per share.

Significant Events After the Closing of the Reporting Period

Appointment of the COO

On October 1st, 2021, The Company appointed Mr. Marcel Caruz as the Chief Operational Officer of the Company. The contract with Mr Caruz was signed for an undetermined period of time. Prior to joining Norofert, Marcel Caruz held various management positions in Agrinvest and Prutul. Within Agrinvest, Marcel held the position of Project Manager, where he was responsible for the development of the company's business, and in Prut he held the positions of Commercial Manager and National Sales Manager.

Inclusion in the BET-AeRO Index developed by the Bucharest Stock Exchange

On October 11, 2021, the Company was included in the BET-AeRO index, the first index for the AeRO market, developed by the Bucharest Stock Exchange, which includes in its composition companies selected based on the company's liquidity and free-float capitalization. The companies included in the BET AeRO index at the time of

the launch represented approximately 40% of the capitalization of Romanian companies on the AeRO market and have generated over the 2021 year over 85% of the liquidity on the secondary market of this segment.

Signing of Contracts

On November 19th, 2021, the Company informed the market about the conclusion of a loan contract with Banca Romaneasca S.A., amounting to 3.68 mil RON and of guarantee contracts , pertaining to the former, as per art. 6 of REGSM nr. 1/23.06.2021, as well as the completion of the shares transfer, through which all shares issued by Agroprod CEV S.R.L. have been obtained, as per art. 3 of REGSM nr. 1/23.06.2021.

Q3 2021 – FINANCIAL RESULTS

Sales and product development activity in Q3 2021

The Romanian agricultural cycle is divided into two main seasons, each having a different influence on the financial performance of the company:

- **Spring Campaign** – takes place between February and May, with peak activity in the months of March and April, is the season for seeding sunflower, corn, peas and soya and applying treatments for already planted wheat, barley and rapeseed that have gone out of winter (meaning, they have grown and survived the winter season). Harvesting of these crops takes place in the same year, around September and October and the payments from farmers are cashed-in between October and November.
- **Autumn Campaign** – takes place between August and October, with peak activity from mid-September until the end of October, is the season for seeding wheat, barley and rapeseed. Harvesting of these crops takes place the following year, in the month of July and generally the payments from farmers are cashed-in between August and September.

The increase in sales of Norofert products in the Organics line was due to the conversion to organic farming, which Norofert fully supported, of many farmers. Thus, we ensure that we have accelerated growth from one season to another and that the customer base is constantly growing.

The encouraging growth in sales of soil fertilizers came in support of the new business line that we will inaugurate in Q4, with the commissioning of the production line. Soil fertilizers are an essential growth vector and are the basis of any crop, being an indispensable element of nutrition in any farm.

The Hobby Gardening product line is developed by adding the Ready-to-Use Line, 500 ml bottles with direct spray on the plant, addressing household consumers who have decorative plants and no longer need additional dilution for application. Unlike in 2020, the weather from the beginning of the year and until the publication of this report has been favorable for the agricultural sector, and there has been no drought.

Analysis of financial results in the first three quarters of 2021

Below we present to you the analysis of the financial results of Norofert SA. recorded in the first nine months of 2021.

FINANCIAL PERFORMANCE

Norofert S.A. closed Q3 2021 with a profit in the amount of **RON 4,891,556**.

Profit & Loss Account Indicators (RON) – Individual	30/09/2020	30/09/2021	Evolution (%)
Operating Revenue, out of which:	22,922,609	30,724,301	34.03
Turnover	20,920,394	33,396,313	59.64
Change in Inventories	1,613,399	(3,027,057)	(287.62)
Other operating revenues	388,816	355,030	(8.69)
Operating Expenses, out of which:	13,694,872	23,528,856	71.81
Cost of Materials	6,843,780	13,280,984	94.06

Personnel Expenses	2,721,073	3,271,258	20.22
Depreciation expenses and value adjustments	195,289	706,988	262.02
Other operating expenses	3,934,730	6,269,626	59.34
Operating Result	9,227,737	7,195,445	(22.02)
Financial Income	207,066	8,267	(96.01)
Financial Expenses	2,080,346	906,342	(56.43)
Financial Result	(1,873,280)	(898,075)	52.06
Total Revenues	23,129,675	30,732,568	32.87
Total Expenses	15,775,218	24,435,198	54.90
Gross Result	7,354,457	6,297,370	(14.37)
Profit tax / other tax	1,205,578	1,405,814	16.61
Net Result	6,148,879	4,891,556	(20.45)

For Q3 2021 we see a net result of 4.9 million lei, a decrease of 20.4% compared to 6.1 million lei in 2020. Logistics costs of road and sea transport with the purchase of grain and containerized transport costs and related port taxes were essential factors influencing the decline in net profit at Q3.

The line of "other operating expenses" registered an increase in the absolute value of 2,334,896 lei due to the expenses occasioned by road transports as well as the costs related to the maritime imports of fertilizers, including port taxes.

Operating expenses increased by 71%, from 13.7 to 23.5 million lei in the first nine months of 2021. Expenses with materials contributed the most to this variation, 13.3 million lei compared to 6.8 million in 2020, an increase of 94.06% - an increase due to the higher sales volume compared to the same period in 2020.

Expenses with materials consist of:

- Expenditures on raw materials and consumables	4,076,245
- Other material expenses	228,557
- Expenditure on goods	8,976,064

Personnel expenses increased by 20.2%, reaching 3.3 million lei in the first nine months of 2021 due to the expansion of the team. On September 30, 2021, Norofert S.A. had 45 employees, compared to 36 on 30.09.2020.

Depreciation expenses and value adjustments consist of depreciation of 0.3 million lei and value adjustments for the amortization of current assets amounting to 0.4 million lei, according to the adjustment proposed by Deloitte for uncertain customers according to the provisioning policy.

The part of Financial Revenues consisted on September 30, 2020, of 68,140 lei representing exchange rate differences and 138,018 lei related to discounts obtained from suppliers and creditors, and on September 30, 2021, only of 8,267 lei from revaluation of foreign currency balances.

It is essential to mention that Norofert has reached the point where it aims to consolidate three general business lines after three years of construction:

1. **The production of inputs** – for large farms and hobby gardening – it is our core business and also the line that generates the highest net margins; **Share in turnover at Q3: 90%**;
2. **Organic farming** – Zimnicea farm - through organic farming, we aim to increase net margins and positively impact the company's cash flow. It is a line of business in which we pursue development through farm acquisitions; **Share in turnover at Q3: 0%**.
3. **Organic trading** – trading in organic cereals is an extension of the core business. We insure ourselves the risk of non-payment or delay by taking the grains from customers and compensating them with the latter's debt to Norofert. In addition to the compensation amounts, Norofert also takes over the 'free' goods, i.e., any additional quantity that the farmer obtains from the harvest. It is a line of business that generates a significant turnover, but the margins remain small, specific to trading. **Share in turnover at Q3: 10%**.

Therefore, we are witnessing an accelerated growth of Norofert's turnover by adding new business lines, consolidating the core business. We are very attentive to maintaining and even increasing the net margin of the core business through production optimizations and constant innovation in the field of inputs. **It is essential to mention in conclusion that although the overall net margin decreases due to the organic trading business, Norofert's core business - the production of foliar and solid fertilizers - still brings excellent margins.**

Also, as mentioned above, due to the intercalation of sales campaigns in a very competitive market, we see the uniformity of sales and products required by customers.

	30 September 2020	Calculation formula	30 September 2021
1. Liquidity indicators			
a) Current ratio	4.54	$\frac{51,331,989}{21,570,197}$	2.38
b) Immediate liquidity indicator	3.51	$\frac{40,297,702}{21,570,197}$	1.87
2. Risk indicators			
c) Indebtedness indicator	81.43	$\frac{11,852,083}{17,936,633}$	66.08
3. Activity indicators			
d) Fixed assets turnover	12.22	$\frac{33,396,313}{3,915,080}$	8.53
e) Total assets turnover	0.63	$\frac{33,396,313}{55,247,069}$	0.60
4. Profitability indicators			
f) Return on capital employed	0.31	$\frac{7,067,182}{29,788,716}$	0.24
g) Gross sales margin	44.11	$\frac{7,195,429}{33,396,313}$	21.55

The current liquidity indicator registers on 30.09.2021, a value of 2.38 due to accessing the SME Invest credit facilities, where the guarantees provided are the receivables. Also, the suppliers in balance are still on time on 30.09.2021, with due dates 30.10.2021 and 30.11.2021, being paid at the time of writing this report. The above events also have an impact on the immediate liquidity indicator.

FINANCIAL POSITION

On September 30, 2021, fixed assets increased by 129%, due to advances for intangible assets in the amount of 1,614,621 lei (equivalent to EUR 300,000) related to the acquisition of a number of shares representing 100% of the share capital of AGROPROD CEV SRL, based in Zimnicea, according to the bilateral promise to transfer shares, for EUR 1,880,000 and due to the increase of tangible assets in the amount of 748,263 lei (representing the industrial equipment purchased for the Norofert SA factory, including the effervescent tablet press, as well as scientific research apparatus used in its laboratory for testing).

The most significant increase is represented by receivables, 62.5% lei to be collected in H2 2021 and H1 2022. Trade receivables had a value on 30.09.2021 of 37.9 million lei, an increase of 103% compared to Q3 2020. The significant number of receivables is typical for the agricultural sector.

In the first nine months of 2021, receivables were collected as detailed below:

The receivables related to the agricultural year 2020-2021 (current) and collected on 30.09.2021 were of 25.7 million lei, approximately 71.3% of the total balance, and on 30.10.2021 they were of 33.127 million lei, respectively 95.1%, claims extinguished by direct payments and compensation orders (retrieve cereals or wheat seed).

Regarding receivables, to improve the cash flow, Norofert took several measures to shorten the payment terms specific to the field: factoring operations, B.O., and working capital lines secured by term receivables.

Balance Sheet (RON) – individual level	30/09/2020	30/09/2021	Evolution (%) Y/Y
Fixed Assets	1,711,833	3,915,079	128.71
Current Assets, out of which:	31,364,454	51,570,667	64.42
<i>Inventories</i>	7,091,940	11,034,287	55.59
<i>Receivables</i>	23,914,441	38,866,976	62.53
<i>Cash and cash equivalents</i>	358,073	1,669,404	366.22
Pre-paid expenses	20,832	25,533	22.57
Total assets	33,097,119	55,511,278	67.72

Total current liabilities increased by 222.9% at nine months 2021 compared to the same period in 2020, due to the credit line contracted from Banca Românească in a total amount of 2.9 million lei (value used on June 30, 2021, in the amount of 2,89 million lei). In addition, Norofert also contracted a credit line worth 2.1 million lei through the SME Invest program used for investments, respectively the acquisition of the bio-granulated fertilizer production line. This line of credit is guaranteed by receivables to be recovered from customers, and the second with stocks and equipment purchased. The receivables that are the object of this bank guarantee have not reached maturity. At the same time, approximately 3.4 million lei is represented by the Profit Tax, the VAT payable, and the social insurances paid after 30.09.2021.

The company's equity increased by 27.1% in the first nine months of 2021 compared to 9M 2020, reaching 18 million lei, due to the carried forward profit or loss account.

Also, on 30.09.2021, Norofert had purchased with advance payment and not invoiced to traders or processors organic cereals worth approximately 1.5 million lei (at an average market price). Sales took place in October and November observing the upward trend in the selling price for organic cereal products. They will continue until after the end of 2021, depending on the dynamics and opportunities offered by market prices.

Balance Sheet (Lei) – individual level	30/09/2020	30/09/2021	Evolution (%) Y/Y
Current liabilities	6,810,042	21,993,853	222.96
Non-current liabilities	12,124,643	11,692,637	(3.56)
Income in advance	40,405	3,665,767	8972.56
Total Liabilities	18,975,090	37,574,646	98.02
Equity	14,122,029	17,936,633	27.01
Provisions	-	222,388	100
Total equity and debt	33,097,119	55,511,279	67.72

Provisions for risks and expenses are non-financial liabilities with due and uncertain amounts. These are recognized when the company has a legal or implicit obligation due to past or ongoing events. There may be a need for an outflow of resources, and an accurate estimate of the obligation amount can be made.

Based on the estimates made at the reporting date, the company recorded a provision for leave not taken until September 30, 2021.

DECLARATION OF THE MANAGEMENT

Bucharest, November 23rd, 2021

The undersigned **Popescu Vlad Andrei**, as the President of the Board of Directors of Norofert SA, a company headquartered in Bucharest Str. Lt. Av. Șerban Petrescu Nr. 20, Ground Floor, Room 1 and 2, District 1 unique registration code 12972762, serial number at the Trade Register Office J40/4222/2000, confirms to the best of his knowledge that the interim condensed financial statements for the nine-month period ended 30 September 2021 give a true and fair view of Norofert's assets, liabilities, financial position and profit and loss, and that the Directors' Report gives a true and fair view of important events that have occurred during the first nine months of the 2021 financial year and their impact on the financial statements of the company.

President of the Board of Directors
Vlad Andrei Popescu

