

To:  
**BURSA DE VALORI BUCUREȘTI S.A.**  
**AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ**

## CURRENT REPORT 09/2023

According to Law nr. 24/2017 regarding issuers of financial instruments and market operations, ASF regulation nr. 5/2018 regarding the issuers of financial instruments and market operations and/or the Bucharest Stock Exchange Rulebook for Multilateral Trading System.

Date of report	13.03.2023
Name of the Company	NOROFERT S.A.
Registered Office	Bucharest Str. Lt. Av. Șerban Petrescu Nr. 20, Ground Floor, Room 1 and 2, District 1
Phone	0785 087 780
Email	<a href="mailto:investitori@norofert.ro">investitori@norofert.ro</a>
Registration nr. with Trade Registry	J40/4222/2000
Fiscal Code	12972762
Subscribed and paid share capital	6,859,152 lei
Total number of shares	17,147,880
Market where securities are traded	MTS AeRO Premium, symbol NRF for shares Bonds-SMT, symbol NRF25 for bonds

**Important events to be reported:** Informative notes regarding the items on the agenda of the Ordinary General Meeting of Norofert Shareholders scheduled for 21.04.2023

The management of Norofert S.A. (hereinafter referred to as the "Company") informs the market about the publication on the Company's website [www.norofert.ro](http://www.norofert.ro), in the General Shareholders' Meetings section, of the Informative notes regarding the items on the agenda of the Ordinary General Meeting of Norofert Shareholders that will take place on 21.04.2023 ("OGMS") at 17:00.

The OGMS Informative notes are also attached to this current report and can be consulted below:

- 1. Election of the Meeting secretary.**
- 2. Approval of the individual financial statements of the Company for the financial year 2022.**
- 3. Approval, as a consequence, the method of allocation of net profit, clarifications of retained earnings and dividend policy:**

The reported result was, over the years, a column that collected corrections and adjustments imposed by the auditors. Indeed, this result, when recorded, should have been extinguished and not allowed to accumulate, however, it has no impact in the previous financial statements. For example, in the Profit and Loss Account for the year 2022, the carried forward result comes from the correction of accounting errors and does not generate a decrease in the net result. The carried forward result does not change the financial results of previous years.

However, it should also be noted that in 2020 and 2021, Norofert SA distributed a total of 5,836,758 RON, from the profit of the previous years, for operations on the capital market. Also, total equity, at Norofert SA level, increased from 669,989 RON in 2018 to 23,064,319 RON in 2022.

### **What is the carried forward result?**

There is a procedure published by ANAF (Order 450/2016 - Procedure for correcting errors contained in the annual financial statements and annual accounting reports submitted by economic operators and legal entities without patrimonial purpose from 31.03.2016) regarding the correction of accounting errors from the years prior to for which they prepare the SFA and which mention that when documents are received that impact previous years, their registration is done through a correction account mentioned in the accounting regulation (account 1174) in the month in which these documents were received. The correction of errors from previous financial years does not determine the modification of the financial statements related to those years. The adjustment of the financial position and financial performance is carried out by presenting comparative information in the explanatory notes, where information must be presented regarding the nature of the errors and the periods affected by them, which can be found in the Notes to the Balance Sheet for the year 2022, attached to this document.

### **What can NOT be corrected by this procedure provided for in Order 450/2016 (with subsequent amendments and additions)?**

Accounting errors, as defined in point 66 of the Accounting Regulations regarding individual annual financial statements and consolidated annual financial statements, approved by Order of the Minister of Public Finance no. 1.802/2014, with the subsequent amendments and additions are corrected according to the respective regulations. As a result, if they are corrected, another set of corrected annual financial statements/annual accounting reports cannot be submitted. Therefore, the retained earnings account **does NOT impact** the previous financial statements, for any previous year.

### **The structure of the retained earnings account for 2022**

As can be seen from note 11 of the 2022 Balance Sheet Notes, the amount of -6,790,886 lei represents the carried forward result (account 1174) in the balance at the end of 2022.

It is composed of:

1. Correction of the income recorded in the previous year in relation to the products sold in the amount of 4,064,926 lei. The correction of the income from the previous year was carried out because the company recorded the return of products during the year 2022 related to some sales recorded during the year 2021. The reason for these transactions was the financial difficulties of some customers encountered in the year 2022 which led to the return of the products purchased in 2021. The new trade policy prevents the return of products after the agricultural season for which they were purchased, eliminating the need for corrections starting in 2023.

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2. Correction of expenses with services provided by third parties in 450,000 lei. The correction was made because the company registered in 2022 an invoice from a supplier for which services were provided in 2021.
3. Recording of value adjustments for receivables. The registration related to the discounts granted by the company during the year 2022, related to the sales made during the year 2021. The value of these discounts is in the amount of 1,319,202 lei.
4. Registration of a value adjustment for receivables to be recovered from various suppliers-debtors in the amount of 938,480 lei. The company recorded this adjustment because these amounts represent the reversal of a discount granted for the volume of transactions in 2021. As the quantities ordered in 2022 were lower than the previous year, the discount was reversed, and both contracts were to be renegotiated for different goods produced by the suppliers concerned.
5. The difference up to the total value of the registration adjustment is represented by other adjustments in the amount of 68,278 lei.

#### **Measures to eliminate accumulations of amounts in retained earnings**

Due to the long payment terms in agriculture of over 300 days, returns of goods for customers who are in financial difficulty due to weather conditions, for example, affect not the financial year in which the return is made, but the year in which it is made delivery, contract and invoicing of the goods. It is a risk inherent in the field in which the company operates caused by long payment terms.

In some exceptional cases, when it is known that a customer has financial difficulties that would prevent the collection of invoices and to avoid lengthy litigation for non-payment of receivables, the management of the company prefers to choose the lesser harm, namely the return of the goods and its resale to customers with financial solid, which have the bank's approval for factoring or discounting, eliminating the return problem. Also, to avoid these cases in the future, the company will completely eliminate the possibility of return until a deadline imposed by the contract.

Another aspect to consider is the existence of a balance from advances paid and undelivered goods/raw materials at the closing date of the annual financial statements. This fact happened due to supply chain delays from 2022 but also the change in the need to supply other raw materials. We mentioned that some of the prepaid and undelivered goods/raw materials started arriving in Q1 2023, being used in the current season.

#### **New Dividend Policy Proposed by the company:**

The management of Norofert SA proposes to amend point 2 of the current dividend policy to include an annual cash dividend with an annual increase. This cash dividend policy with an annual increase may, in exceptional situations of economic crisis, liquidity, force majeure and in compliance with the prudential principle, be temporarily modified in the AGM by the management's proposal.

**4. Approval, as a consequence, the discharge of the members of the board of directors** for the activity related to the financial year 2022, taking into account the individual financial statements;

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**5. Approval of the revenue and expenditure budget of the Company for 2023**

**6. Establishing the registration date** According to the legal provisions in the matter.

**7. The authorization of the chairman of the board of directors**, with the right of substitution/delegate, in order to sign any documents (including the decisions of the General Meeting of Shareholders and the updated articles of association of the Company) and the undertaking of any necessary formalities, including the representation of the Company in front of any public authorities/natural persons/legal entities, for the fulfillment of those decided by OGMS.

PRESIDENT OF THE BOARD OF DIRECTORS

Popescu Vlad Andrei

**Norofert S.A.**

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