REPORT OF THE

BOARD OF DIRECTORS

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

Contents

Information about Agricover Group

Agricover Holding SA ("the Company") and its subsidiaries (together referred to as "Agricover" or "the Group") are incorporated and have their registered office in Romania. Agricover Holding SA was established as a joint-stock company with Mr. Jabbar Kanani as its main shareholder. In November 2017, the European Bank for Reconstruction and Development ("EBRD") acquired, through a capital contribution, a stake representing 12.727% of the share capital of the Company.

The subscribed and fully paid share capital of the Company is 189,406 thousand RON. There are 1,894,060,303 shares outstanding, each with a nominal value of 0.10 RON.

	30 June 2023			31 December 2022		
Ordinary shares issued and fully paid:	number of shares	%	000'RON	number of shares	%	000'RON
at **1 January**	1,890,671,063		189,067	2,163,968,075		216,397
Change during the period	3,389,240		339	(273,297,012)		(27,330)
at **30 June / 31 December,**	**1,894,060,303**	**100%**	**189,406**	**1,890,671,063**	**100%**	**189,067**
of which held by:						
Mr Kanani Jabbar	1,649,966,127	87.113%	164,997	1,649,966,127	87.269%	164,997
EBRD	240,630,848	12.704%	24,063	240,630,848	12.727%	24,063
Others	3,463,328	0.183%	346	74,088	0.004%	7

The increase in share capital in the first half of 2023 was made because of beneficiaries exercising their rights under the share-based compensation plan implemented by the Group.

Company identification data

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Commercial Register registration number: J23/447/2018
Registration certificate: B3417524
Unique Commercial Register code: 36036986
Share capital: 189,406,030.30 RON
Regulated trading market: Bucharest Stock Exchange, corporate bond category
Market symbol: AGV26E

We are recognised by Romanian farmers as an innovative leader in providing a range of integrated agricultural inputs, financing, and digital solutions effectively helping them to increase productivity, reduce operating costs, finance working capital and growth, and implement performing and sustainable agricultural business models.

We operate in two reportable segments: agricultural inputs distribution and farmer financing. Complementing these main segments, which currently generate most of the Group's revenue and operating results, in 2021 we launched a "one-stop-shop" digital platform (crop360, operated by Agricover Technology SRL, "Agritech" segment) providing access to digital farming solutions and integrating online sales and banking interactions with our customers. The platform provides farmers with access to innovations in digital agriculture, facilitating decision making and the automation of a wide range of farming activities.

Through our agricultural inputs distribution business, carried out by Agricover Distribution SA ("Agribusiness" segment), we supply local farmers with:

- ✓ **certified seeds** – providing high-productivity seeds of established identity, verified by an official agency after inspection, for the main crops grown in the country including wheat, barley, maize, sunflower and rapeseed;
- ✓ **crop nutrition products** – sourcing (both from international and local suppliers), storing, packaging, wholesaling, and retailing agricultural fertilisers to farmers and end-consumers. Our activity includes formulating and blending, under private label, specific nutrient combinations (e.g., nitrogen, potassium, potash etc.), tailored to various farm production systems and local soil profiles;
- ✓ **crop protection products** – selling generic and brand products (our suppliers include leading global manufacturers of crop protection products) to protect crop yields against weeds, insects and disease and improve overall crop health, both above and below ground, enabling farmers to achieve optimal results;
- ✓ **fuel** – facilitating the farmers' acquisition and delivery of diesel from several of the largest suppliers operating on the local market.

Through our farmer financing business, carried out by Agricover Credit IFN SA ("Agrifinance" segment), we provide local farmers with our financing products and related services (including insurance brokerage) tailored to their needs and the specifics of the sector, including:

- ✓ **working capital loans** – financing working capital needs (e.g., for acquisition of agricultural inputs, labour, etc.) throughout the growing season with bullet reimbursement once the harvesting is done and the output is monetised;

- ✓ **investments loans** – financing mostly land acquisition or other farm investments; investment loans have longer maturities but with reimbursement schedules that are linked to the agricultural season (i.e., instalment payments correlated with the two main harvesting seasons, namely June-July for spring crops, such as wheat or barley, and October-November for autumn crops, including maize or sunflower);
- ✓ **corporate credit cards** – revolving financing for pre-approved limits generally valid for up to three years, with bullet annual reimbursement – minimum 60% of the utilised limit – tailored to the harvesting season of the farmer's predominant crops;
- ✓ **insurance brokerage** – insurance intermediation services provided by Clubul Fermierilor Romani Broker de Asigurare S.R.L. (an entity controlled by Agricover Credit IFN SA, which holds a 51% stake in its share capital, the remaining 49% being held by Clubul Fermierilor Romani, a non-profit farmers' association); we offer expert guidance in identifying the right specialised or general insurer to cover the risks related to our customers' crops, farms, equipment or other relevant assets; we explain the costs and benefits of competitive insurance products, we assist the farmer in negotiating better pricing with the insurers and, if the insured event occurs, we assist farmers during the claims handling process.

Our synergistic business model revolves around offering farmers easy access to a wide range of technological innovations within the field (e.g., from high quality technological inputs to digitalisation solutions), and the customised financing needed to access and integrate those innovations withing their farming businesses to obtaining higher yields and staying competitive in a sustainable manner. Thus, our combined offering creates one of the most effective portfolios of holistic agriculture support solutions in the industry.

In November 2021 we launched the crop360 farm management platform, together with an e-commerce platform for the sale of agricultural inputs. The platform facilitates the sale of software as a service to our existing and new customers. In 2022, we launched a self-care tool where farmers can view and manage their financing relationship with Agricover Credit. Crop360 integrates the online sales platform, and the self-care type tools where the farmer can manage its commercial and financing relationships with the Agribusiness and, respectively, Agrifinance segments. However, any module, including the e-commerce platform for online sales, can be used by any customer on its own or integrated with all or a combination of other modules or tools.

Basis for the Report

The Report of the Board of Directors (the "Report") is presented together with and based on the Company's Condensed Consolidated Interim Financial Statements as at and for the six-month period ended 30 June 2023, prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union.

The Report is compliant with the Financial Supervisory Authority Regulation 5/2018 on issuers of financial instruments and market operations issued in May 2018, with subsequent amendments and modifications.

Amounts in this Report are presented in thousands RON and rounded to the nearest unit, unless otherwise stated. Performance indicators and financial ratios are rounded to the nearest unit unless otherwise stated.

Market context

i. Macro highlights

In the first half of 2023, as compared to the same period of the previous year, the gross domestic product increased by 1.7 % for the unadjusted series and by 2.8% for the seasonally adjusted series, in accordance with the estimate published by the National Institute of Statistics on 16th of August 2023.

Agriculture financing market continued the accelerated upward trend from 2022 (total agriculture financing market increased by 19.4% at December 2022 compared with December 2021), increasing by 6.5% at the end of June 2023 compared to December 2022. Within the agriculture financing market, bank exposures increased by 4.4% at June 2023 compared to December 2022, after an increase of 20.3% at December 2022 compared to December 2021. Generally, bank financing is supported by the Government's Agro IMM Invest program, with lower amounts allocated in 2023 (0.4 billion RON) versus 2022, with 2.5 billion RON allocated, or versus 2021, with 1.0 billion RON allocated.

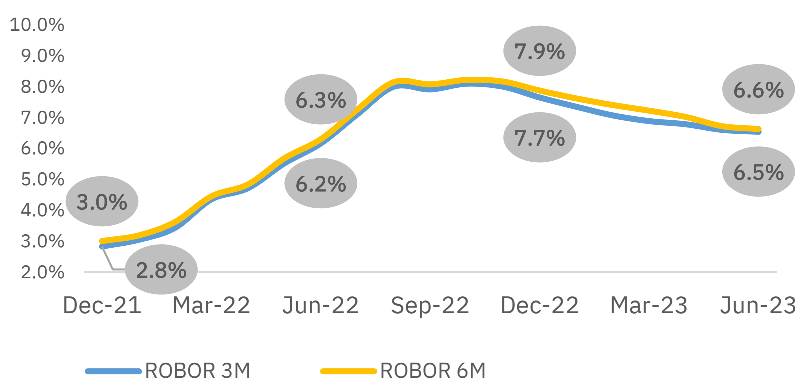
Prices of agricultural inputs were influenced by drops in commodity prices, especially natural gas, and supply chains reverting towards normal in 2023. Local and regional crop nutrition products manufacturers slowly reopened their production lines after keeping them closed for significant parts of 2022. Market shortages were no longer seen in 2023, with no or low availability risk. In this context, prices of most crop nutrition and some crop protection products have decreased during the first half of 2023, reaching levels well below those seen before Russia's invasion of Ukraine. Price decreases, although less dramatic, were seen in agricultural outputs market as well, with prices of maize and wheat reverting around levels last seen in December 2021 while prices of sunflower, rapeseed, and barley dropped below their respective levels in December 2021.

ii. Factors impacting our results

Inflation

The common factors driving up inflation during 2022 were soaring fuel and food costs, both impactful to the agriculture sector and together accounting on average for more than half of the inflation in 2022 across Europe. Prices for many consumer goods were trending up at the start of 2022 because of COVID-19's lingering impact on supply chains. Russia's invasion of Ukraine in February 2022 proved even more disruptive. In this context, central banks throughout the world imposed, and continue to do so, sharp monetary tightening measures.

Currently, although lower in 2023, the inflation remains far above central banks' 2% targets. The euro area annual inflation rate was 5.5% in June 2023, down from 6.1% in May. A year earlier, the rate was 8.6%. European Union annual inflation was 6.4% in June 2023, down from 7.1% in May. A year earlier, the rate was 9.6%. In Romania the inflation in June 2023 decreased to 10.3%, marginally lower than 10.6% as at May 2023.



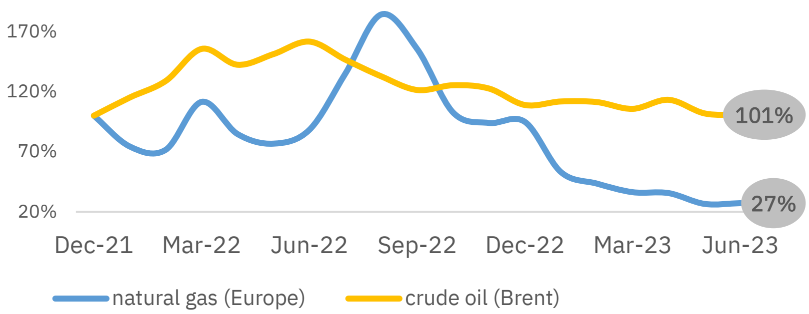
The National Bank of Romania kept the policy interest rate at 7% during the first half of 2023, after a 25bps increase at the beginning of January 2023, from 6.75% as at the end of 2022. In this context, market interest rates have decreased by more than 100bps as compared to December 2022.

graph: **market interest rates**, *source: National Bank of Romania*

Market interest rates influence our net interest income in Agrifinance and our net finance cost in Agribusiness. Our net interest margin in Agrifinance has increased to 7.65% during the first half of 2023, as compared to 6.17% during the first half of 2022. Moreover, decreasing market interest rates has allowed us to keep financing cost in Agribusiness under control, whereby all the borrowing contracted by the respective business segment bear floating interest rates.

Oil and gas

Even before Ukraine being invaded by Russia (who used to provide close to 40% of Europe's gas), European gas prices had soared. After Russia announced it would cut off gas to the Nord Stream 1 pipeline in August 2022, the benchmark TTF price soared above €300 per MWH, 13 times the average in 2018 to 2021. Since January 2023, however, things have been different. Brent crude, the global oil benchmark, has hovered around $75 a barrel, compared with $120 a year ago. In Europe, gas prices, at €35 per MWH, are 88% below their peak in August 2022.



graph[1]: **natural gas and crude oil price evolution**,
source: World Bank data processed internally

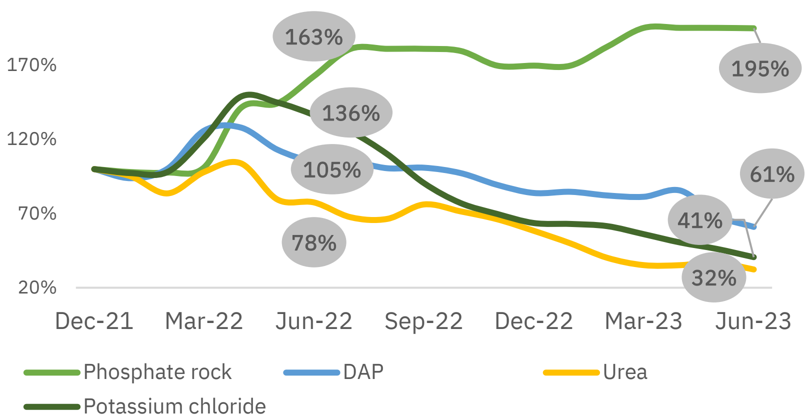
However, even though prices have declined from their peaks, real gas and electricity costs remain well above their historical averages (e.g., as recently as 2021 the price of gas was below €20 per MWH). Moreover, prices could well rise later in the year.

Many analysts expect Brent crude to stay close to $80 a barrel and not to reach triple digits during 2023. Gas futures markets in Europe and Asia point to a 30% rise from their June levels by the autumn, rather than anything more extreme. S&P Global June projections expected prices to return to pre-2022 levels reaching around 26 EUR per MWH in Q3 2023 before rising again from Q4 2023 due to the increased winter demand.

[1] the graph presents the monthly evolution of prices versus December 2021 (base period)

Crop nutrition

Contained energy inflation and natural gas prices down to pre-2022 levels, albeit remaining above pre-COVID levels, contribute to reduced pressure on the EU crop nutrition market, although uncertainties remain.



A very high level of imports of nitrogen fertilisers in the second semester of 2022 and the first months of 2023 compensated for a closure of a significant part of the EU ammonia production capacity in 2022. This was also favoured by the suspension of most-favoured-nation duties on ammonia and urea between December 2022 and June 2023.

graph[2]: **crop nutrition price evolution**, *source: World Bank data processed internally*

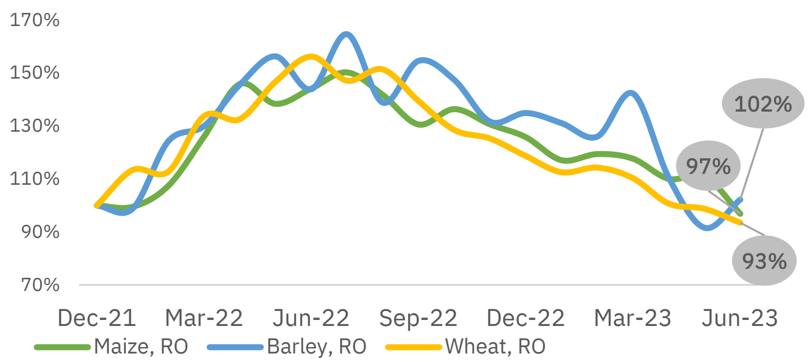
Furthermore, declining natural gas prices allows EU domestic ammonia plants to gradually restart. While imports are decreasing, this should result in a large availability of nitrogen products on the EU markets and is expected to further ease some pressure on agricultural input costs in 2023. For phosphorus (P) and potassium (K) fertilisers however, the slower pace of imports led to a lower decrease of prices than for nitrogen fertilisers.

To mitigate the effects of supply chain disruptions and heightened availability risk during 2022, the Group operated with higher commodity inventories during the prior year, situation which led to an increased level of crop protection products and crop nutrition products inventories as at December 2022. Sharp price drops during 2023 generated crop nutrition inventories related losses of about 35 million RON. Another 12 million RON losses were incurred due to glyphosate price drops, a crop protection product. We do not expect similar significant losses during the second half of 2023 as substantially all crop nutrition and glyphosate inventories purchases in 2022 were sold or depreciated to net realisable value by the date of the condensed consolidated interim financial statements (further refer to Note 15 to the condensed consolidated interim financial statements of the Group).

[2] the graph presents the monthly evolution of prices versus December 2021 (base period)

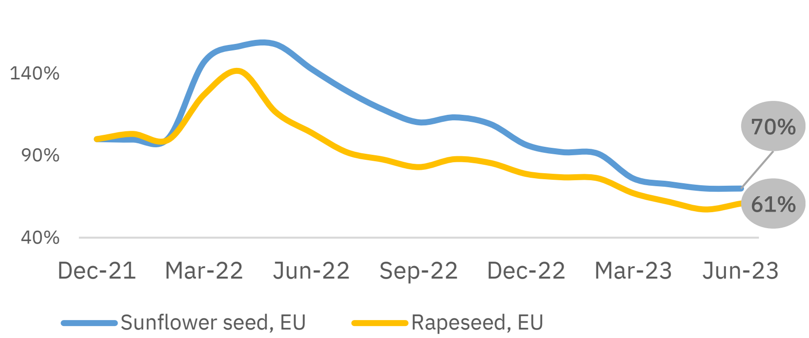
Grains

After Russia blockaded Ukraine's Black Sea ports following its invasion last year, the EU lifted tariffs on the country's agricultural exports and created trade routes for the transport of such goods through Bulgaria, Poland, and Romania. But these "solidarity lanes" have not worked as planned. Due to logistical bottlenecks, much of the produce destined for Africa and the Middle East has piled up in eastern Europe, leading to a glut of maize, wheat, and sunflower seeds. This has pushed down local prices.



graph[3]: **local maize, barley, and wheat prices evolution**,
source: European Commission data processed internally

Measures facilitating trade with Ukraine continued, but temporary safeguards were adopted to alleviate pressure observed in frontline EU countries. Moreover, EU agriculture ministers have agreed to provide farmers in the impacted countries with financial assistance. In this context, the declining trend of EU farmer's price index (calculated and published by the European Union) observed since October 2022 has been sustained. In May, it was almost 15 points below its peak. These developments are supported mainly by further reduction of arable crops prices. Since January 2023, the price drops range from -19% in case of maize to -22% for wheat.



graph[4]: **EU sunflower seed and rapeseed prices evolution**,
source: European Commission data processed internally

At global level, the FAO Cereal Price Index averaged 126.6 points in June 2023, down 2.7 points (2.1 percent) from May 2023 and as much as 39.7 points (23.9 percent) below its value a year ago. The month-on-month decline reflects a fall in the world prices of all major cereals, driven mostly by increased seasonal supplies, ample supplies in the Russian Federation, where the

[3] the graph presents the monthly evolution of prices versus December 2021 (base period)
[4] the graph presents the monthly evolution of prices versus December 2021 (base period)

wheat export tax decreased in the month of June, and improved crop conditions in the United States of America.

Given the high correlation which continues to persist between the prices of agricultural inputs and outputs, the favourable weather conditions for autumn crops as well as EU assistance granted to farmers impacted by higher Ukraine imports, we do not expect the commodity price shifts observed during 2023, including but not limited to the decreases in the price of agricultural outputs, to significantly impact our cost of risk or non-performing loans ratio.

Significant events in the period

In April 2023, the U.S Treasury Department's Office of Foreign Assets Control ("OFAC") has included International Investment Bank on the specially designated nationals and blocked persons list (OFAC Sanctions).

The Group is borrower under two facility agreements concluded with International Investment Bank, on 19 March 2019 and, respectively, on 27 February 2020, prior to the lender's inclusion on the OFAC Sanctions,. The total current outstanding principal amount under the International Investment Bank Facility Agreements is of RON 60,800 thousand.

Unlike sanctions imposed by European Union or by Romanian authorities, OFAC Sanctions are not applicable directly in Romania, in absence of specific Romanian legislation imposing this. To our knowledge, up to the date of these condensed consolidated interim financial statements, the Applicable Legislation does not include the OFAC Sanctions.

Notwithstanding the OFAC Sanctions not being directly applicable under Romanian law, the Group does not wish its lenders' group to include lenders subject to international sanctions and therefore the Group currently considers available options to terminate the International Investment Bank facility agreements, including by way of voluntary prepayment of amounts owed to International Investment Bank. International Investment Bank, at their own initiative, issued a temporary waiver to the Group for the payments due in June 2023 under the International Investment Bank facility agreements to be postponed for payment until 19 September 2023. Although we expect that International Investment Bank will continue to grant such temporary waivers, if, for whatever reasons, the Group will early repay the loans, the management considers that this will not significantly impact the Group's ongoing business.

Interim consolidated performance of the Agricover Group

In a volatile business environment, we continue to show positive trends in most of our operating and financial indicators. In the reporting period we have exceeded the threshold of 10,000 unique customers served by the Group. Below we highlight the evolution of other main performance indicators monitored by the Group.

10,587

the Group's unique customers as at and for the 12 months period ended 30 June 2023

RON 2.96 billion

gross carrying amount of loans and advances to Agrifinance customers as at 30 June 2023 (31 December 2022: RON 2.84 billion)

7.65% NIM

net interest margin ("NIM") in Agrifinance in the first six months of 2023, up from 6.17% in the first six months of 2022

3.20% NPL

Non-performing loans ratio ("NPL") at 30 June 2023 below the 4.12% average NPL for local loans and advances granted to SMEs and corporates as at 31 March 2023

RON 1.06 billion

total revenues in the Agribusiness segment in the first six months of 2023

RON 7.51 million

consolidated operating profit in the first half of 2023

i. Our customer base

Strong farmer relationships provide us the opportunity to accurately anticipate their needs and increase customer loyalty and recurrence, in all the segments we operate. Through our direct access model, with our agents regularly meeting face-to-face with farmers, both current and prospective customers of the Group, we continue to foster strong relationships by developing a deeper understanding of each farmer's business.

The farmers eligible to become our clients are selected mainly from farmers that benefit from the SAPS related subsidies, paid by APIA. With respect to our financing activity, the APIA statements serve as an independent check of the size of the operations of the farmers financed by Agricover Credit. Nonetheless, our agricultural inputs online sales platform is accessible to other end consumers, including unincorporated private individuals.

Customers of:	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Jun-22	Dec-22	Jun-23
both segments	1,408	1,879	2,563	2,885	2,927	3,473	2,990	3,282
Agribusiness[5]	2,528	2,665	3,661	4,482	5,419	5,370	5,765	5,935
Agrifinance[6]	836	928	871	934	920	1,066	1,194	1,370
Unique customers	**4,772**	**5,472**	**7,095**	**8,301**	**9,266**	**9,909**	**9,949**	**10,587**

Source: internal data

As at end of June 2023 we have increased the number of unique customers we serve by 6.4% as compared to December 2022, while the number of customers served by both segments increased by 9.8%. The steady increase of our customer base over the years is a strong statement of both the diversity and quality of our solutions offering, and of the effectiveness of our sales teams in onboarding new customers.

[5] In Agribusiness an active customer is one which has made at least one acquisition during a twelve-month rolling period.

[6] In Agrifinance an active customer is one to which we have at least one open financing agreement at the date of the analysis

For our internal reporting and commercial decision-making purposes, we group our customers as follows:

- ✓ in Agrifinance – based on farm size, as: i) large – above 1,000 ha operated; ii) medium – 401 to 1,000 ha operated; iii) small – 101 to 400 ha operated; iv) micro – 20 to 100 ha operated; v) animal farms; and vi) other (as shown in the table below). For risk management purposes, we group our clients based on the following farm size: a) below 400 ha; b) above 400 ha; and (c) others;

	30 June 23		30 June 22	
	No of customers	%	No of customers	%
large	339	7%	361	8%
medium	846	18%	880	19%
small	2,297	49%	2,309	51%
micro	1,102	24%	922	20%
other	68	1%	67	1%
Total	**4,652**		**4,539**	

- ✓ in Agribusiness - based on the types of agricultural inputs acquired during one calendar year, namely from customers who have acquired all four types of agricultural inputs – i.e. certified seeds, crop nutrition products, crop protection products and fuel – down to customers who have acquired only one type of agricultural input; with the aim to serve our customers all year round and across all business lines.

	30 June 23		30 June 22	
	No of customers	%	No of customers	%
4 input types	706	8%	774	9%
3 input types	1,479	16%	1,537	17%
2 input types	2,342	25%	2,253	25%
1 input type	4,690	51%	4,279	48%
Total	**9,217**		**8,843**	

The Group’s penetration rate has constantly increased over time. During the 12-month period ending 30 June 2023 we sold at least one type of agricultural inputs to 4,690 farmers. Moreover, as at 30 June 2023 we have outstanding financings granted to 4,652 farmers. Of our active customers (i.e. those identified above), approximately one third have worked with both the Agribusiness segment and the Agrifinance segment during the period.

Our largest loan relationships currently do not make up a significant percentage of our total loan portfolio. As of 30 June 2023, our three largest individual loan relationships totalled 110.4 million RON in loan exposure, or 3.73% of the total loan portfolio, while our twenty largest individual loan relationships totalled 443.1 million RON, or 14.65% of the total loan portfolio. Concentration is similar in terms of exposures to groups of connected customers, with top three exposures totalling 3.97% of the total loan portfolio, while top twenty exposures were 18.2% as of 30 June 2023.

The biggest client in Agribusiness segment accounted for 1.2% of revenue generated during the six-month period ended 30 June 2023 (no other single customer accounted for more than 1%). When looked at on a per business line basis – e.g., distribution of certified seeds, crop nutrition products, crop protection products and fuel – during the six-month period ended 30 June 2023 - no single customer accounted for more than 2.5% of the sales of each separate business line.

ii. Cross-sales

Cross-sales efforts within the Group result in sales of mainly crop protection products packages with working capital loans, and to sales of mainly crop nutrition products and fuel directly financed by loans granted within Agrifinance.

Generally, within a year roughly one third of the revenue generated within Agribusiness is directly related to cross-sales efforts. Lower crop nutrition cross sales weight during the six-month period ended 30 June 2023 as compared to the same period of 2022 is mainly linked with the crop nutrition market frictions, including high inventories in Agribusiness as at December 2022, which were sold below acquisition cost during 2023 (refer also to the Market context section of this Report).

	30 June 23 RON'000	% of total revenue	30 June 22 RON'000	% of total revenue
Crop protection products	49,450	15%	46,999	15%
Crop nutrition products	102,046	31%	285,904	50%
Fuel	103,083	48%	150,653	53%
Certified Seeds	1,228	1%	3,004	2%
Total cross-sale revenues	**255,807**	**24%**	**486,561**	**37%**

Similarly, in Agrifinance, within a year roughly one third of the loans originated are cross sales with Agribusiness – namely working capital loans are packaged with crop protection products acquisitions, and loans are directly financing agricultural inputs acquisitions, mainly crop nutrition products and fuel.

The higher weight of cross sales in the loan production during the six-month period ended 30 June 2023 was mainly due to the steep increase in prices of agricultural inputs.

Financing packaged with:	30 June 23 RON'000	30 June 22 RON'000
Crop protection products	17,994	19,608
Crop nutrition products	102,969	301,687
Fuel	123,024	172,013
Certified Seeds	2,557	4,871
	246,544	**498,180**
% cross sales in total loan production	**33%**	**48%**

We believe that, besides the impact on the revenue, our synergistic business model allows us plenty of opportunities to achieve higher productivities and lower costs (e.g., by leveraging

Group wide data in risk management, by leveraging the work of our field teams for the benefit of all business segments we operate, by sharing physical resources including working points, by higher negotiation power in acquiring tangible and intangible assets etc). Our synergy project, along with our ongoing productivity and efficiency efforts, are aimed at achieving a best-in-class cost structure, as well as a sharper focus on the farmers.

Interim performance of Agricover Credit

We generated a net interest margin of 7.65% in the first half of 2023, close to 150bps higher than the net interest margin generated during the same period of 2022. We achieved this while increasing our share of the local agriculture financing market up to 7.24% at the end of June 2023, up from 6.90% as at 31 December 2022.

RON'000	30 June 2023	30 June 2022
gross carrying amount of loans and advances	2,956,553	2,595,700
net interest income	104,680	70,172
net commission income	5,977	6,855
profit before tax	57,459	37,598
net interest margin	7.65%	6.17%
cost to income ratio	32.17%	39.15%
NPL ratio	3.20%	2.20%

3 billion RON nominal value of outstanding loans and advances as at 30 June 2023, 4% higher than 31 December 2022 and 14% higher than 30 June 2022. The increase in exposure has been and is expected to continue to be driven by i) the increase in prices of funded inputs in the second half of 2022- hence a greater need for funding from existing clients; and ii) the increase in the number of clients serviced.

The share of non-performing loans ("NPLs") was **3.20%** as at 30 June 2023, below the local market average for loans and advances granted to SMEs and corporates (4.12% at 31 March 2023, based on the financial stability report published by the NBR in June 2023). We expect no significant variation of our NPL ratios as compared to historical averages as clients added or to be added to the portfolio during 2023 have similar risk characteristics to existing clients.

+53% increase in profit before tax due mainly to the 49% increase in net interest income recorded in the 6 months 2023 compared to 6 months 2022.

A cost/income ratio of **32.17%**, down from 39.15% in 6 months of 2022, due to the increase in net interest income to a greater extent when compared to the increase in general and administrative expenses.

Interim performance of Agricover Distribution

Agricover Distribution consolidated its customer base, with the number of customers served during the 12 months period ended 30 June 2023 reaching 9,217, higher by 4.2% as compared to the similar period ended 30 June 2022. In the volatile market context (further refer to the *Market context* section of this Report) Agricover Distribution incurred operating losses of around 36 million RON. As the factors that mainly led to these losses are no longer applicable at the date of this Report, we expect the incurred losses to be fully recovered within the next months, as further explained below.

RON'000	30 June 2023	30 June 2022
Revenue, *out of which*	1,058,392	1,329,494
Crop protection products ("CPP")	*335,706*	*313,337*
Crop nutrition products ("CNP")	*317,819*	*564,032*
Fuel	*213,672*	*281,984*
Certified Seeds	*179,359*	*157,973*
Other revenue	*11,844*	*12,168*
Operating profit/ (loss)	(36,285)	47,614
Operating margin	-3.43%	3.58%

Performance by main revenue categories is as follows:

- ✓ **crop protection products**: 7% increase in revenue during the first half of 2023 compared to the same period of 2022.
- ✓ **crop nutrition products**: due to different market context in 2023 (i.e. higher availability risk from Ukraine invasion no longer applies in 2023 due to higher imports and higher EU production – refer to *Market context* section of the Report) both quantity of crop nutrition sold and lower prices versus the first half of 2022 led to lower revenue in the six month period ended 30 June 2023 when compared to the similar period of 2022.
- ✓ **fuel**: lower quantity sold, and lower sales price led to lower revenue in the six-month period ended 30 June 2023 when compared to the similar period of 2022; mainly due to some farmers already having inventories of fuel from 2022 purchases but also due to lower crop nutrition application rates following high inputs prices during 2022 (further refer to *Market context* section of the Report);
- ✓ **certified seeds**: 14% increase in revenue during the first half of 2023 compared to the same period of 2022.

The loss from operations recorded in the first half of 2023 by Agricover Distribution is mainly due to:

- ✓ **crop nutrition products**: 111 thousand tonnes sold in the first half of 2023, of which 19 thousand tonnes related to 2022 inventories. The decrease in crop nutrition prices during the first half of 2023 (further refer to the Market context section of the Report) meant that 2022 inventories were generally sold below cost, generating operating losses of around 35 million RON due to lower prices. The higher inventories as at end of December 2022 were due mainly supply chain disruptions and heightened availability risk during the previous year.
- ✓ **crop protection products**: like crop nutrition products, an operating loss of 12 million RON was incurred during the first half 2023 due to the decrease in glyphosate prices, which affected sales of inventories mainly purchased in 2022. Gross margins for most of the other sales of crop protection products are like 2022 average gross margins.

To recover the operating losses incurred during the first half of the year, the management has implemented a first phase of cost-cutting measures, and further cost-cutting and margin-enhancing actions are currently under consideration and expected to be implemented starting September. Overall, we do not expect similar significant losses during the second half of 2023 as substantially all crop nutrition and glyphosate inventories purchases in 2022 were sold or depreciated to net realisable value by the date of the condensed consolidated interim financial statements.

Risk management

The Group's ambition is to support farmers in reaching their full potential and, at the same time, to support the local agricultural sector in refining its important role in the European and global food chain. New macroeconomic forces, in addition to old ones, are now changing the nature of many of the agricultural risks that threaten not only food crops (which have an indirect impact on the Group by reducing the ability of its customers to pay their bills and debts), but also agricultural supply chains in general.

In these circumstances, risk management is essential to the Group's success. Our business model involves taking and managing financial and non-financial risks in a specific manner. We accept the risks inherent in our core business areas. We diversify these risks through our size, the variety of products and services we offer and the channels through which we provide advanced technological solutions and secure the funds needed to run our businesses. We retain those risks that we believe we can manage to generate a return and insure or hedge against the remaining risks. Looking forward, the risks to which we are exposed could be magnified or mitigated by current and emerging external and internal trends that could affect our current and future profitability.

The risk management policies and practices used by the Group did not change significantly in the first half of 2023. Risk exposures and their impact on the Group's financial position and performance are discussed in note 8 to the condensed interim consolidated financial statements attached to this Report. The note discusses the risks arising from financial instruments to which the Group is exposed if there have been significant changes in exposures or in how these risks are managed during the interim period, including specific information about:

- ✓ credit risk, presenting changes in estimates and additional estimates related to the macroeconomic/inflationary environment;
- ✓ market risk, showing the Group's exposure to commodity price risk, currency risk and interest rate risk, given the volatile macroeconomic environment.

Analysis of financial statements

i. Group consolidated interim profit or loss (summarised)

RON'000	30 June 2023	30 June 2022
Revenue	1,058,392	1,331,771
Cost of sales	(1,071,377)	(1,264,785)
Net credit losses on trade receivables	(4,871)	(3,944)
Gross Agribusiness margin	**(17,857)**	**63,042**
Gross Agribusiness profit margin	***-1.7%***	***4.7%***
Net interest income	99,743	58,719
Net fee and commission income	5,977	6,855
Net credit losses on loans and advances to customers	(15,580)	(10,399)
Cost of sales	(14,229)	(12,648)
Net Agrifinance income	**75,910**	**42,527**
Gross profit	**58,054**	**105,570**
Operating expenses, net	(50,540)	(33,641)
Operating profit	**7,514**	**71,929**
Net financial result	**(1,571)**	**(608)**
Income tax expenses	(5,053)	(16,252)
Profit for the period from continuing operation	**890**	**55,069**

Revenue of 1,058,392 thousand RON generated by the Group were 21% lower in the first six months of 2023 compared to the same period of 2022. The decrease was mainly due to lower prices for crop protection and crop nutrition products, as well as to lower quantities sold in the context of high market volatility.

As a result of the fall in prices Agribuiness' **gross profit margin** was negative (further refer to the *Interim performance of Agricover Distribution* section of the Report).

The 70% increase in **net interest income** was driven by an accelerated increase in gross exposure, which reached approximately RON 3 billion total nominal value of loans and advances as at 30 June 2023, with an average exposure of 2.9 billion RON during the first half of 2023 (first half of 2022: 2.4 billion RON average exposure).

The increase in operating expenses is mainly due to several recent initiatives of the Group, which impacted the first six months of 2023 without impacting the first half of 2022, including: capital markets related initiatives resulting in additional costs of around 4 million RON in the first half of 2023 as compared to the same period of 2022, SAP implementation in Agricover Credit (additional depreciation of around 1.4 million RON plus implementation related costs of around 2 million RON), crop360 enhancements and improvements related cost higher in 2023 by around 2.4 million RON versus the first part of 2022. The rest of the increase is due mainly to higher levels of activity within the Group, and to inflation.

The Group's **operating profit** was impacted by the operating result of the Agribusiness segment and decreased by 90% in the first six months of 2023 compared to the same period in 2022.

ii. Group consolidated interim statement of financial position (summarised)

RON'000	30 June 2023	31 December 2022
Assets		
Non-current assets	**1,258,217**	**718,796**
Loans and advances to customers	1,131,373	647,266
Intangibles, PP&E, RoUA	65,053	58,538
Trade receivables	49,232	1,568
Other non-current assets	12,559	11,424
Current assets	**3,028,029**	**2,943,485**
Loans and advances to customers	1,698,367	2,083,502
Trade and other receivables	1,047,439	547,291
Inventories	109,797	167,070
Other current assets	172,426	145,622
Total assets	**4,286,246**	**3,662,281**
Equity and liabilities		
Total equity	**634,188**	**637,527**
Non-current liabilities	**947,903**	**1,140,453**
Borowings and Leases	938,881	1,139,373
Trade and other payables	9,022	1,080
Current liabilities	**2,704,155**	**1,884,301**
Borowings and Leases	1,907,741	1,453,286
Trade and other payables	780,744	401,274
Other liabilities and provisions	15,670	29,741
Total equity and liabilities	**4,286,246**	**3,662,281**

The increase in **total assets** by 623,965 thousand RON as at 30 June 2023 compared to 31 December 2022 was mainly due to the sharp increase in **trade and other receivables**. Generally, trade receivables peak in June or July and are collected in the second part of the financial year (as main crops are harvested and sold). Trade receivables are generally financed through similar agreements with suppliers (trade payables are also peaking around this period) and, where not possible or more costly for the Group, through bank loans (which follow the same seasonality).

The 34% decrease in total **inventories** is due to the decrease of crop nutrition products inventories. The higher level of crop nutrition stocks as of 31 December 2022, was driven by disruptions and shortages in these markets during calendar year 2022. In this context, the Group has decided to provide the necessary stocks to meet local demand in the 2022 autumn marketing year. As supply chains returned to normal in 2023, inventories of crop nutrition products declined. Crop protection products inventories remained high due to seasonality (larger purchases are made in June in preparation for the autumn campaign).

The 14% increase in loans and advances to customers was mainly driven by an increase in the value of exposure per customer, with the average exposure per customer increasing by 12% in the reporting period compared to the same period in 2022.

	30 June 2023	30 June 2022
Loans and advances to customers (RON'000)	2,956,553	2,595,700
Number of customers	4,633	4,538
Average exposure per customer (RON'000)	**638**	**572**
Number of contracts	10,640	10,754
Average value per contract (RON'000)	**278**	**241**
Products per customer (number of contracts / number of customers)	**2.30**	**2.37**

Contracted loans from financial institutions and capital markets are the main source of funding for loans and advances granted to Agrifinance clients. In addition, loans are used to finance some trade receivables and inventories, mainly when cheaper versus supplier financing.

	30 June 2023		31 December 2022	
	(RON'000)	weight (%)	(RON'000)	weight (%)
Borrowings from local banks	1,875,097	66%	1,714,900	67%
Borrowings from international financial institutions	748,254	26%	654,045	25%
Issued bonds	200,651	7%	203,400	8%
Total borrowings	**2,824,002**	**100%**	**2,572,345**	**100%**

iii. Group consolidated interim cash flow statement (summarised)

RON'000	30 June 2023	30 June 2022
Sources of funds:		
Cash generated from financing activities	241,130	821,168
Used in:		
Cash used in operating activities	(209,603)	(779,333)
Cash used in investing activities	(8,316)	(12,162)
Effect of exchange rates on cash and cash equivalents	(82)	(270)
Net increase in cash and cash equivalents	**23,129**	**29,403**
Cash out from Abatorul Peris	-	(388)
Cash and cash equivalents at the beginning of the period	119,601	102,509
Cash and cash equivalents at the end of the period	**142,730**	**131,524**

Significant sources of funds are local banks (66% of loans at 30 June 2023) and international financial institutions or investment funds (26% of loans at 30 June 2023). Under the terms of the major loan facilities, the Group and its subsidiaries are required to comply with financial covenants such as capital adequacy ratio, non-performing loan ratio, group economic exposure/large exposure ratio, related party exposure ratio or currency risk ratio, etc. The Group and its subsidiaries complied with all relevant financial and non-financial covenants imposed by its loan facilities during the 6 months in 2023. Failure to comply with such financial covenants would trigger the lenders' right to demand early repayment of the related facilities.

Total net cash inflows from the Group's financing activity amounted to 241,130 thousand RON in the reporting period (30 June 2022: 821,168 thousand RON). The funds attracted were used to finance the operating activities carried out by the Group's two main segments. Cash flow used in operating activities decreased, by 569,730 thousand RON, mainly because of different conditions on the agricultural inputs market, whereby prices of most agricultural inputs decreased during the first half of 2023, after peaks reached during the first six months of 2022. This change led to lower liquidity needs for the Group to finance higher or similar levels of operating activity.

Net cash used in investment activities amounted to 8,316 thousand RON (30 June 2022: 12,162 thousand RON) and are mainly related to the Group's investments in improving internal processes and digitalisation projects.

In recent years, the Company's practice has been not to distribute dividends, except in special cases related mainly to the Group's restructuring activities. As the Group becomes increasingly active in the capital markets and taking into account its need to manage its capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets in order to reduce debt.

iv. Group interim statement of investments cash outflows

RON'000	30 June 2023	30 June 2022
Total Group investing cash outflows:	**8,506**	**11,983**
Agribusiness investing outflows	2,091	5,020
Agrifinance investing outflows	6,409	4,870
Agritech investing outflows	6	2,093

Cash paid for capital investments decreased in the first six months of 2023 compared to the same period of 2022, reaching 8,506 thousand RON (30 June 2022: 11,983 thousand RON).

The main capital investments within Agricover Credit are represented by license acquisitions following the implementation of SAP 4Hana and Loan Origination Systems. These systems are operational from the first half of 2023.

The group launched its Crop360 platform in November 2021, with the aim of providing farmers with real-time access to the services and data needed for day-to-day farm operations. Enhancements to existing modules are not capitalised being recognised directly in the income statement. Such costs amounted to 3,686 thousand RON in the first half of 2023 (30 June 2022: 1,999 thousand RON). The costs of the new functionalities of crop360 have been capitalised. Costs capitalised during the six-month period ended 30 June 2023 amounted to 204 thousand RON (six-month period ended 30 June 2022: 3,379 thousand RON). Some of these costs are expected to generate cash outflows during the second half of 2023. An updated version of the platform is expected to be launched during September 2023.

As of 30 June 2023, the Group served 2,965 users of the crop360 platform (1,063 users were registered as of June 30, 2022).

Agricover on the capital markets

The Group is present on the local capital markets with a bond issue initiated by Agricover Holding SA, in the amount of 40 million EUR, listed on the EUR Regular-Bonds Market of the Bucharest Stock Exchange in March 2021. The bonds have an initial maturity of 5 years and carry a fixed coupon of 3.5%. The bond proceeds were used to finance Agricover Credit's lending activity. In the first quarter of 2023 the Group paid the second coupon, totalling 1.4 million EUR. The bonds issued were not actively traded during the reporting period.

The Directors' declaration:

The Directors of Agricover Holding SA hereby declare that, to the best of their knowledge, the reviewed condensed consolidated interim financial statements of Agricover Holding SA as at and for the six-month period ended 30 June 2023 prepared in accordance with IAS 34 *Interim Financial Reporting as adopted by the European Union* give a true and fair view that reflects the reality of the assets, liabilities, financial position and profit or loss account of Agricover Holding SA and its subsidiaries included in the consolidation of its condensed interim financial statements, and the Report of the Board of Directors includes a fair review of the Group's consolidated developments and performance for the six-month period ended 30 June 2023 and a description of the principal risks and uncertainties specific to the sector.

Bucharest, 25 August 2023

Kanani Jabbar
Chairman of the Board of Directors

Bucătaru Ștefan, permanent representative of Veldtster INC
Member of the Board of Directors

Alexander Madeline-Dalila, permanent representative of Platinum Advisory Services SRL
Member of the Board of Directors

Cam Gurhan
Member of the Board of Directors

Moayed Vargha, permanent representative of Unik Advisors SRL
Member of the Board of Directors

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

(free translation[1])

To the Shareholders,

Agricover Holding S.A.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agricover Holding S.A. ("the Company") and its subsidiaries (together refered to as "the Group") as at 30 June 2023, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these the condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on these the condensed consolidated interim financial statements based on our review.

The condensed consolidated interim financial statements have been digitally signed with a qualified electronic signature on 25 August 2023 by Stefan Doru Bucataru, permanent representative of Veldtster Inc, in his capacity of Administrator of the Company at hour: 13, min: 53, sec: 38 and by Liviu Dobre, in his capacity of General Manager of the Company, at hour: 13, min: 50, sec: 58.

Scope of Review

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

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[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying the condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

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

Refer to the original signed Romanian version	**Refer to the original signed Romanian version**
ALEXANDRU DANIEL RUSU	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF181/262/23	registered in the electronic public register of financial auditors and audit firms under no FA9

AR

Bucharest, 25 August 2023

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Rusu Alexandru Daniel
Registrul Public Electronic: AF181/262/23

Autoritatea Pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: KPMG AUDIT S.R.L.
Registru Public Electronic: FA9

AGRICOVER HOLDING SA

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED

30 June 2023

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

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

Contents

Condensed Consolidated Statement of Financial Position as at

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

	Notes	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment		11,657	10,788
Right of use assets		22,269	19,828
Intangible assets	16	31,127	27,922
Trade receivables	10	49,232	1,568
Loans and advances to customers	8	1,131,373	647,266
Finance lease receivable		97	204
Other non-current receivables	10	2,755	2,704
Deferred income tax assets	7	9,707	8,516
		1,258,217	**718,796**
Current assets			
Inventories	15	109,797	167,070
Current income tax receivable		1,258	-
Loans and advances to customers	8	1,698,367	2,083,502
Finance lease receivable		435	632
Trade and other receivables	10	1,047,439	547,291
Other current assets		28,003	25,389
Cash and cash equivalents	11	142,730	119,601
		3,028,029	**2,943,485**
Total assets		**4,286,246**	**3,662,281**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and share premium		193,757	193,418
Revaluation reserves		1,265	1,265
Other reserves		60,414	60,283
Retained earnings		366,146	363,117
		621,582	**618,083**
Non-controlling interests		12,606	19,444
Total equity		**634,188**	**637,527**
Non-current liabilities			
Borrowings	12	924,213	1,126,336
Lease liabilities		14,668	13,037
Trade and other payables	13	9,022	1,080
		947,903	**1,140,453**
Current liabilities			
Trade and other payables	13	780,744	401,274
Contract liabilities	17	6,357	23,382
Current income tax liability		4,378	942
Borrowings	12	1,899,789	1,446,009
Lease liabilities		7,952	7,277
Derivative liabilities for risk management	14	3,715	4,699
Provision for off balance sheet commitment		1,220	718
		2,704,155	**1,884,301**
Total liabilities		**3,652,058**	**3,024,754**
Total equity and liabilities		**4,286,246**	**3,662,281**

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

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

	Notes	2023	2022
Revenue	4	1,058,392	1,331,771
Interest income	0	199,558	113,666
Fee and commission income		6,258	7,035
Cost of sales	6	(1,085,606)	(1,277,433)
Interest and similar expenses	0	(99,815)	(54,947)
Fee and commission expenses		(281)	(180)
Net credit losses on financial assets	8	(20,452)	(14,342)
Gross profit		**58,054**	**105,570**
Administrative expenses	6	(45,408)	(33,125)
Research and development		(3,686)	(1,999)
Other operating income		1,442	2,887
Other operating expenses		(2,888)	(1,404)
Operating profit		**7,514**	**71,929**
Finance income	0	7,245	6,763
Finance costs	0	(8,816)	(7,371)
Profit before tax		**5,943**	**71,321**
Income tax expense	7	(5,053)	(16,252)
Profit for the period from continuing operations		**890**	**55,069**
Profit / (loss) for the period from discontinued operations, net of tax		-	(1,126)
Profit for the period		**890**	**53,943**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**890**	**53,943**
Profit / (loss) for the period attributable to:			
Owners of the Company		4,706	48,162
Non-controlling interests		(3,816)	5,781
Profit for the period		**890**	**53,943**
Total comprehensive income attributable to:			
Owners of the Company		4,706	48,162
Non-controlling interests		(3,816)	5,781
Total comprehensive income for the period		**890**	**53,943**
Earnings per share			
Basic and diluted earnings per share (RON)		0.002	0.025
Earnings per share from continuing operations (RON)		0.002	0.026

Approved for issue and signed on behalf of the Board of Directors on 25 August 2023.

Ștefan Doru Bucătaru, permanent representative of Veldtster INC
Administrator

Liviu Dobre
General Manager

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

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

	Attributable to owners of Agricover Holding						
	Share capital and share premium	Revaluation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
at 1 January 2023	**193,418**	**1,265**	**60,283**	**363,117**	**618,083**	**19,444**	**637,527**
Profit / (loss) for the period	-	-	-	4,706	4,706	(3,816)	890
Total comprehensive income for the period	**-**	**-**	**-**	**4,706**	**4,706**	**(3,816)**	**890**
Dividends distribution	-	-	-	-	-	(3,169)	(3,169)
Share option plan (Note 18)	-	-	(1,399)	-	(1,399)	-	(1,399)
Increase in share capital	339	-	-	-	339	-	339
Transfers and other changes in equity	-	-	1,530	(1,677)	(147)	147	-
Total transactions with owners	**339**	**-**	**131**	**(1,677)**	**(1,207)**	**(3,022)**	**(4,229)**
Balance at 30 June 2023	**193,757**	**1,265**	**60,414**	**366,146**	**621,582**	**12,606**	**634,188**

	Attributable to owners of Agricover Holding						
	Share capital and share premium	Revaluation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2022	**220,748**	**12,543**	**56,928**	**267,622**	**557,840**	**19,835**	**577,675**
Profit for the period	-	-	-	48,162	48,162	5,781	53,943
Total comprehensive income for the period	**-**	**-**	**-**	**48,162**	**48,162**	**5,781**	**53,943**
Dividends distribution	-	-	-	-	-	(2,894)	(2,894)
Distribution of Abatorul Peris	(27,330)	(11,311)	(1,996)	20,903	(19,734)	(636)	(20,370)
Total transactions with owners	**(27,330)**	**(11,311)**	**(1,996)**	**20,903**	**(19,734)**	**(3,530)**	**(23,264)**
Balance at 30 June 2022	**193,418**	**1,232**	**54,932**	**336,687**	**586,269**	**22,086**	**608,355**

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

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

	Notes	2023	2022
Cash flows from operating activities			
Profit for the period from continuing operations		890	55,069
Loss for the period from discontinued operations		-	(1,126)
Unrealized FX differences		(2,342)	(2,016)
Net loss / (gain) from derivatives		2,790	(923)
Net credit losses on receivables		4,895	3,944
Net credit losses on loans and advances to customers		15,558	10,399
Depreciation and amortization	6	9,474	6,081
Loss from the sale of fixed assets		17	-
Loss from write down of inventory		6,720	1,653
Change in provisions		502	452
Income tax	7	5,053	16,252
Interest income		(206,320)	(118,113)
Interest expense		107,924	58,817
Operating profit / (loss) before changes in working capital		**(54,838)**	**30,489**
Changes in working capital			
(Increase) in trade and other receivables		(550,938)	(590,486)
(Increase) in loans and advances to customers		(11,227)	(447,700)
(Increase)/ decrease in the inventories		50,554	(173,116)
Increase in trade and other payables		372,898	413,955
Cash used in operations		**(193,551)**	**(766,858)**
Interest paid		(103,694)	(56,791)
Interest received		97,325	55,459
Payments for settlements of derivatives		(1,578)	(15,275)
Proceeds from settlements of derivatives		-	13,827
Income tax paid		(8,105)	(9,696)
Cash used in operating activities		**(209,603)**	**(779,333)**
Cash flows from investing activities			
Payments for acquisitions of intangible and fixed assets		(8,318)	(12,162)
Proceeds from sale of intangible and fixed assets		2	-
Cash used in investing activities		**(8,316)**	**(12,162)**
Cash flows from financing activities			
Proceeds from borrowings	12	5,815,838	3,894,949
Repayment of borrowings	12	(5,564,976)	(3,069,808)
Payments for lease liabilities		(4,725)	(3,422)
Proceeds from increase of share capital		339	-
Dividends paid		(5,346)	(551)
Cash generated from financing activities		**241,130**	**821,168**
Effects of exchange rate changes on cash and cash equivalents		(82)	(270)
Cash and cash equivalents at the beginning of the period		**119,601**	**102,509**
Net increase in cash and cash equivalents		23,129	29,403
Cash out from Abatorul Peris		-	(388)
Cash and cash equivalents at the end of the period		**142,730**	**131,524**

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

This section includes general information about the Group and its structure as well as material accounting policy information that relate to the condensed consolidated interim financial statements as a whole.

1 GENERAL INFORMATION

Agricover Holding SA ("the Company") and its subsidiaries (together referred as "the Group") are incorporated and are domiciled in Romania. The Company's headquarter is located at 1B Pipera Blvd, Voluntari, Ilfov, Romania. These condensed consolidated interim financial statements comprise the Company and its material subsidiaries, as follows:

Entity	Operating Segment	Activity	% owned @ 30 Jun 2023	% owned @ 31 Dec 2022	% owned @ 30 Jun 2022
Agricover Distribution SA	Agribusiness	Distribution of agriculture inputs	86.62	86.62	86.62
Agricover Credit IFN SA	Agrifinance	Financing businesses in agriculture	99.99	99.99	99.99
Clubul Fermierilor Romani Broker de Asigurare SRL	Agrifinance	Intermediation of insurance products	51.02	51.02	51.02
Agricover Technology SRL	Agritech	Digitalisation of agricultural activity (software as service)	100	100	100

Group business model

The Group, through its subsidiaries, carries out activities in the agricultural, financial services and information technology sectors. The Company is an investment vehicle that directly owns the three entities of the Group, namely:

- Agricover Distribution SA ("Agricover Distribution"), specialized in the distribution of agricultural technologies and inputs – seeds, crop protection products, crop nutrition products or diesel;
- Agricover Credit IFN SA ("Agricover Credit"), non-banking financial institution specialized in financing farmers; currently with a portfolio of three main categories of products: capex, credit lines and factoring; all designed with the needs of the farmers in mind, having tailored maturities which are usually correlated with the harvesting and sale of crops seasons. All factoring agreements of Agricover Credit are with Agricover Distribution and as such their effect is eliminated at consolidation (please refer to note 3);
- Agricover Technology SRL ("Agricover Technology"), software as a service aimed at providing farmers with access to the innovations within the industry through digital technologies.

In a highly integrated business model, tools offered by Agritech are used to efficiently and effectively manage farming activities, machinery and inputs while part of the sales of the Agribusiness segment are financed through loans granted by the Agrifinance segment of the Group. Together with the resulting synergies, this represents a unique differentiating factor and competitive market advantage for each of these business segments in achieving its growth targets but also for the Group as a whole.

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

2 BASIS OF PREPARATION

Compliance statement

These condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ('last annual consolidated financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements.

Historical cost convention

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for land and buildings, which are carried at revalued amounts, and derivative financial instruments, which are carried at fair value.

Consistent application of accounting policies

The accounting policies applied are consistent with those of the previous financial year. The preparation of interim financial statements in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity or areas where estimates are significant to the interim financial statements, are disclosed in the relevant Notes to these condensed consolidated interim financial statements if significantly changed during the interim period as compared to the last annual consolidated financial statements. Such areas include:

- forward looking scenarios considered in the Group's calculation of expected credit losses on loans and advances to customers – note 8;

Standards and amendments applicable for periods starting January 1st, 2023

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the last Group's annual consolidated financial statements, except for the adoption of new standards or amendments to existing standards effective as of 1 January 2023.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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.

IFRS 17 'Insurance Contracts'

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts by an insurer and supersedes IFRS 4 Insurance Contracts. The Group has no contracts within the scope of IFRS 17.

New IFRS standards effective for annual periods beginning on and after January 1st, 2024, not early adopted by the Group

A number of amended standards are required to be applied for annual periods beginning on and after January 1st, 2024, and that are available for early adoption in periods beginning on January 1st, 2023.

The Group has not early adopted any of these amendments in preparing these condensed consolidated interim financial statements.

New or amended standards effective for periods beginning on or after January 1st 2024 are those presented in the Group's last annual consolidated financial statements.

Functional and presentation currency

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

Going concern

After consideration of the Group's liquidity, capital adequancy ratio, budgeted cash flows and related assumptions, management believes that the Group has adequate resources to continue as a going concern for the foreseeable future and these condensed consolidated interim financial statements are prepared on this basis.

Agricover Distribution incurred operating losses during the six month period ended 30 June 2023 (refer to Note 3 and Note 8.ii.1), leading to a decrease in net operating cash inflows both at subsidiary and at Group consolidated levels. To fund its working capital needs, Agricover Distribution has long standing relationships with some of the largest credit institutions active on the Romanian market. While most of the funding attracted by the subsidiary is RON denominated, it has access to multicurrency facilities which allow it to actively manage currency exposures on trade payables. Currently, all ongoing funding contracts agreed by Agricover Distribution are short term, including unconditional early call options in favour of the lender. This enables the subsidiary to manage financing costs, while its strong history and relationships developed with its business partners ensure continued access to funds required to cover its working capital needs. Thereby, Agricover Distribution concluded that exercising such options by the lenders is highly unlikely. After consideration of the subsidiary's liquidity, gearing level, budgeted cash flows and related assumptions, the management of the subsidiary as well as the management of the Group believe that Agricover Distribution has adequate resources to continue as a going concern for the foreseeable future.

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

This section provides information on the financial performance of the Group and its significant operating segments.

3 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and reports operating segments as follows:

- Agrifinance – financing agricultural businesses and intermediation of insurance products mainly carried out by Agricover Credit and its subsidiary, Clubul Fermierilor Romani Broker de Asigurare SRL ;
- Agribusiness – distribution of agricultural inputs carried out by Agricover Distribution;
- Agrifood, discontinued for the six-month period ended 30 June 2022 – represented by slaughterhouse and meat processing carried out by Abatorul Peris SA.

Other segments which are not separately reportable include the development of software as a service platform, by Agricover Technology (aimed at providing farmers with access to innovations within the industry, through digital technologies), costs related to group-wide services, and costs recorded by the Company with the management of its investments in subsidiaries. The results of these activities are included in the ‘All other segments’ column in the analysis below.

Operating segments are reported in these condensed consolidated interim financial statements in a manner consistent with the internal reporting provided to the chief operating decisionmakers. The chief operating decisionmakers who are responsible for allocating resources and assessing the performance of the operating segments are the executive directors of the Group. They primarily use operating profit to assess the performance of the operating segments. However, on a monthly basis, executive directors also receive information about the segments’ revenue, gross margin, EBITDA, finance costs, trade and other receivables, borrowings and loans and advances granted to customers.

The Group earns revenue and holds assets exclusively in Romania, the geographical area of its operations.

The Group earns revenues and interest from a large number of customers and no sigle customer or group of related customers contributes with more than 10% in the total revenue or interest income of the Group.

Notes to the Condensed Consolidated Interim Financial Statements
Segment information

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

Operating profit, revenue and interest income as periodically reported to the executive directors are disclosed below, together with their reconciliation with the consolidated net profit for the six-month periods ended 30 June 2023 and 30 June 2022, respectively:

30 June 2023	**Agrifinance**	**Agribusiness**	**Total Reportable segments**	**All other segments**	**Total segments**	**Eliminations**	**Consolidated**
External revenue	-	1,058,385	1,058,385	7	1,058,392	-	1,058,392
Inter-segment revenue	-	11	11	-	11	(11)	-
Revenue	**-**	**1,058,396**	**1,058,396**	**7**	**1,058,403**	**(11)**	**1,058,392**
Cost of sales	(14,229)	(1,071,590)	(1,085,819)	-	(1,085,819)	213	(1,085,606)
Interest income	204,495	-	204,495	-	204,495	(4,937)	199,558
Interest and similar expenses	(99,815)	-	(99,815)	-	(99,815)	-	(99,815)
Net fee and commission income	5,977	-	5,977	-	5,977	-	5,977
Net credit losses on financial assets	(15,581)	(4,871)	(20,452)	-	(20,452)	-	(20,452)
Gross profit / (loss)	**80,847**	**(18,065)**	**62,782**	**7**	**62,789**	**(4,735)**	**58,054**
Dividend income	-	-	-	20,847	20,847	(20,847)	-
Administrative expenses	(21,505)	(19,047)	(40,552)	(6,440)	(46,992)	1,584	(45,408)
Research and development	-	-	-	(3,686)	(3,686)	-	(3,686)
Other gains and losses, net	(2,367)	828	(1,539)	93	(1,446)	-	(1,446)
Operating profit / (loss)	**56,975**	**(36,284)**	**20,691**	**10,821**	**31,512**	**(23,998)**	**7,514**
Finance costs – net	483	(2,575)	(2,092)	(434)	(2,526)	955	(1,571)
Profit/(loss) before tax	**57,458**	**(38,859)**	**18,599**	**10,387**	**28,986**	**(23,043)**	**5,943**
Income tax expense	(9,041)	3,359	(5,682)	-	(5,682)	629	(5,053)
Profit/(loss) for the period	**48,417**	**(35,500)**	**12,917**	**10,387**	**23,304**	**(22,414)**	**890**

Notes to the Condensed Consolidated Interim Financial Statements
Segment information

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

30 June 2022	Agrifinance	Agribusiness	Agrifood (discontinued)	Total Reportable segments	All other segments	Total segments	Adjustments and Eliminations	Consolidated (continued)
External revenue	-	1,331,770	17,260	1,349,030	1	1,349,031	(17,260)	1,331,771
Inter-segment revenue	-	(2,277)	-	(2,277)	-	(2,277)	2,277	-
Revenue	**-**	**1,329,493**	**17,260**	**1,346,753**	**1**	**1,346,754**	**(14,983)**	**1,331,771**
Cost of sales	(12,648)	(1,264,769)	(17,696)	(1,295,113)	-	**(1,295,113)**	17,680	**(1,277,433)**
Interest income	125,119	-	-	125,119	-	**125,119**	(11,453)	**113,666**
Interest and similar expenses	(54,947)	-	-	(54,947)	-	**(54,947)**	-	**(54,947)**
Net fee and commission income	6,855	-	-	6,855	-	**6,855**	-	**6,855**
Net credit losses on financial assets	(10,399)	(3,944)	-	(14,343)	-	**(14,342)**	-	**(14,342)**
Gross profit / (loss)	**53,980**	**60,781**	**(436)**	**114,325**	**1**	**114,326**	**(8,756)**	**105,570**
Dividend income	-	-	-	-	19,035	**19,035**	(19,035)	**-**
Administrative expenses	(15,589)	(15,298)	(1,197)	(32,084)	(1,758)	**(33,842)**	717	**(33,125)**
Research and development	-	-	-	-	(1,918)	**(1,918)**	(81)	**(1,999)**
Other gains and losses, net	(748)	2,131	95	1,478	101	**1,579**	(96)	**1,483**
Operating profit/ (loss)	**37,643**	**47,614**	**(1,538)**	**83,719**	**15,461**	**99,180**	**(27,251)**	**71,929**
Finance costs – net	(45)	(8,004)	(258)	(8,307)	(64)	**(8,371)**	7,763	**(608)**
Profit/(loss) before tax	**37,598**	**39,610**	**(1,795)**	**75,413**	**15,396**	**90,809**	**(19,488)**	**71,321**
Income tax expense	(6,173)	(9,766)	-	(15,938)	-	**(15,938)**	(314)	**(16,252)**
Profit/(loss) for the period	**31,426**	**29,844**	**(1,795)**	**59,475**	**15,396**	**74,871**	**(19,802)**	**55,069**

Notes to the Condensed Consolidated Interim Financial Statements
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(all amounts in thousands RON, rounded to the nearest unit, unless otherwise stated)

Inter-segment revenues as well as interest and financing costs are eliminated upon consolidation and reflected in the 'Eliminations' column. Other adjustments refer to discontinued operations as presented further below.

	30 June 2023			30 June 2022			
	Total segments	**Eliminations**	**Consolidated**	**Total segments**	**Eliminations**	**Discontinued Segments**	**Consolidated (continued)**
External revenue	1,058,392	-	1,058,392	1,349,031	(34,519)	17,260	1,331,771
Inter-segment revenue	11	(11)	-	(2,277)	2,277	-	-
Revenue	**1,058,403**	**(11)**	**1,058,392**	**1,346,754**	**(32,243)**	**17,260**	**1,331,771**
Cost of sales	(1,085,819)	213	(1,085,606)	(1,295,113)	35,376	(17,696)	**(1,277,433)**
Interest income	204,495	(4,937)	199,558	125,119	(11,453)	-	**113,666**
Interest and similar expenses	(99,815)	-	(99,815)	(54,947)	-	-	**(54,947)**
Net fee and commission income	5,977	-	5,977	6,855	-	-	**6,855**
Net credit losses on financial assets	(20,452)	-	(20,452)	(14,342)	-	-	**(14,342)**
Gross profit / (loss)	**62,789**	**(4,735)**	**58,054**	**114,326**	**(8,320)**	**(436)**	**105,570**
Dividend income	20,847	(20,847)	-	19,035	(19,035)	-	**-**
Administrative expenses	(46,992)	1,584	(45,408)	(33,842)	1,914	(1,197)	**(33,125)**
Research and development	(3,686)	-	(3,686)	(1,918)	(81)	-	**(1,999)**
Other gains and losses, net	(1,446)	-	(1,446)	1,579	(191)	95	**1,483**
Operating profit / (loss)	**31,512**	**(23,998)**	**7,514**	**99,180**	**(25,713)**	**(1,538)**	**71,929**
Finance costs – net	(2,526)	955	(1,571)	(8,371)	8,020	(258)	**(608)**
Profit/(loss) before tax	**28,986**	**(23,043)**	**5,943**	**90,809**	**(17,693)**	**(1,796)**	**71,321**
Income tax expense	(5,682)	629	(5,053)	(15,938)	(314)	-	**(16,252)**
Profit/(loss) for the period	**23,304**	**(22,414)**	**890**	**74,871**	**(18,007)**	**(1,796)**	**55,069**

Notes to the Condensed Consolidated Interim Financial Statements
Segment information

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

Agricover Credit purchases trade receivables from Agricover Distribution under non-recourse factoring type agreements. Factoring commissions paid by Agricover Distribution are recognised as expense on the date of each trade receivables sale transaction, while income is recognised by Agricover Credit during the term of the respective trade receivables, using the effective interest rate method. The different methods in recognising the expense, on one hand, and the income, on the other hand, results in an elimination impact upon consolidation of 0.7 million RON loss, net of tax, for the six-month period ended 30 June 2023 (for the six-month period ended 30 June 2022: 3.0 million loss, net of tax).

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

When reported to the executive directors, segment assets and liabilities are measured in the same way as in the financial statements. Their allocation on operating segments as at 30 June 2023 and 31 December 2022 is presented below:

30 June 2023	Agrifinance	Agribusiness	Total Reportable segments	All other segments	Total	Eliminations	Consolidated
Non-current assets, *of which:*	**1,159,032**	**89,096**	**1,248,128**	**208,279**	**1,456,407**	**(198,190)**	**1,258,217**
Loans and advances to customers	1,131,358	-	1,131,358	197,475	1,328,833	(197,460)	1,131,373
Trade and other receivables	-	49,232	49,232	-	49,232	-	49,232
Current assets, *of which:*	**1,876,139**	**1,155,623**	**3,031,762**	**38,242**	**3,070,004**	**(41,975)**	**3,028,029**
Loans and advances to customers	1,730,228	-	1,730,228	2,799	1,733,027	(34,660)	1,698,367
Trade and other receivables	1,282	1,020,073	1,021,355	33,013	1,054,368	(6,929)	1,047,439
Inventories	-	109,797	109,797	-	109,797	-	109,797
Cash and cash equivalents	139,830	1,333	141,163	1,567	142,730	-	142,730
Total assets	**3,035,171**	**1,244,719**	**4,279,890**	**246,521**	**4,526,411**	**(240,165)**	**4,286,246**
Non-current liabilities, of which:	**931,674**	**16,912**	**948,586**	**197,940**	**1,146,526**	**(198,623)**	**947,903**
Borrowings	924,213	-	924,213	197,852	1,122,065	(197,852)	924,213
Current liabilities, of which:	**1,572,679**	**1,156,705**	**2,729,383**	**16,942**	**2,746,325**	**(42,170)**	**2,704,155**
Trade and other payables	14,259	791,415	805,674	4,365	810,039	(29,295)	780,744
Borrowings	1,547,774	352,015	1,899,789	12,576	1,912,365	(12,576)	1,899,789
Total Liabilities	**2,504,353**	**1,173,616**	**3,677,969**	**214,882**	**3,892,851**	**(240,793)**	**3,652,058**

Notes to the Condensed Consolidated Interim Financial Statements
Segment information

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

31 December 2022	Agrifinance	Agribusiness	Total Reportable segments	All other segments	Total segments	Eliminations	Consolidated
Non-current assets, *of which:*	**671,955**	**36,675**	**708,630**	**208,290**	**916,920**	**(198,124)**	**718,796**
Loans and advances to customers	647,266	-	647,266	196,677	843,943	(196,677)	647,266
Trade and other receivables	-	1,568	1,568	-	1,568	-	1,568
Current assets, *of which*	**2,233,440**	**703,045**	**2,936,485**	**25,406**	**2,961,891**	**(18,406)**	**2,943,485**
Loans and advances to customers	2,111,705	-	2,111,705	6,281	2,117,986	(34,484)	2,083,502
Trade and other receivables	2,844	511,963	514,807	16,007	530,814	16,477	547,291
Inventories	-	167,070	167,070	-	167,070	-	167,070
Cash and cash equivalents	116,245	2,291	118,536	1,065	119,601	-	119,601
Total assets	**2,905,394**	**739,720**	**3,645,115**	**233,696**	**3,878,811**	**(216,530)**	**3,662,281**
Non-current liabilities, *of which:*	**1,132,679**	**7,576**	**1,140,255**	**198,199**	**1,338,454**	**(198,001)**	**1,140,453**
Borrowings	1,126,342	-	1,126,342	197,119	1,323,461	(197,125)	1,126,336
Current liabilities, *of which:*	**1,290,715**	**601,886**	**1,892,601**	**13,879**	**1,906,480**	**(22,179)**	**1,884,301**
Trade and other payables	15,992	393,287	409,279	4,148	413,427	(12,153)	401,274
Borrowings	1,268,578	177,432	1,446,010	9,731	1,455,741	(9,732)	1,446,009
Total Liabilities	**2,423,394**	**609,462**	**3,032,857**	**212,078**	**3,244,935**	**(220,181)**	**3,024,754**

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

This section provides information about the financial performance of the Group. The section ends with details of the Group's tax result for the period and the deferred tax assets and liabilities existing at the end of the period. The accounting policy information, significant judgements and estimates made in relation to particular items with significant impact on the financial performance are the ones disclosed in the Company's last annual consolidated financial statements.

4 REVENUE

The Group generates revenue mainly through its Agribusiness segment, which distributes advanced technological solutions (i.e. certified seeds, crop nutrition products, crop protection products and fuel) to farmers.

Dissagregation of revenue from contracts with customers by product type is presented below for the six month period ended:

	30 June 2023	30 June 2022
Revenue from goods sold		
Crop protection products ("CPP")	335,702	315,267
Crop nutrition products ("CNP")	317,819	564,303
Fuel	213,672	281,984
Seeds	179,359	158,049
	1,046,552	**1,319,603**
Other revenue	11,840	12,168
Total	**1,058,392**	**1,331,771**

Revenue from sales with normal delivery is recognised when control of goods sold has transferred to the buyer, being when the goods are delivered.

As part of 'bill and hold' arrangements, the Group concludes a custody contract with the buyer, who accepts legal ownership of the goods sold. The Group's management is satisfied that control of the goods sold 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 Group on behalf of third parties as part of bill and hold arrangements were as follows:

	30 June 2023	30 June 2022
Crop protection products	41,991	55,858
Crop nutrition products	4,100	4,102
Total	**46,091**	**59,960**

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

5 NET INTEREST INCOME AND NET FINANCE COST

Significant components of interest income and expense and finance income and cost for the six-month period ended 30 June 2023 and 30 June 2022 are presented below:

	30 June 2023	**30 June 2022**
Interest income – Agrifinance, *out of which*	199,558	113,666
Credit lines	*186,027*	*105,533*
Capex	*13,417*	*7,986*
Other interest income	*114*	*147*
Interest expenses - Agrifinance	(99,815)	(54,947)
Net interest income - Agrifinance	**99,743**	**58,719**
Interest income - Agribusiness	6,762	6,763
Other finance income	483	-
Finance income	**7,245**	**6,763**
Interest expenses - Agribusiness	(8,110)	(4,033)
Net forex exchange losses	(671)	(3,321)
Other finance losses	(35)	(17)
Finance cost	**(8,816)**	**(7,371)**
Net finance cost	**(1,571)**	**(608)**

6 BREAKDOWN OF ADMINISTRATIVE EXPENSES AND COST OF SALES BY NATURE

In the condensed consolidated statement of profit or loss and other comprehensive income, the Group presents its expenses by function.

All operating expenses of the Group are allocated to cost centres. Separate cost centres exist for regional working points and warehouses and headquarters for all operating segments of the Group. Expenses related to sales, acquisition and distribution process, including those related to the origination of loans and advances granted, as allocated to regional working points and warehouses (e.g.: inbound and outbound transportation related expenses, salaries of personnel, rent or depreciation, third party storage cots, consumables, etc.) are allocated to Cost of sales. Expenses related to headquarters cost centres incurred to support the functioning of the business and which are not directly related to the distribution process or to the loan origination process (e.g. support functions including finance or human resources, etc.) are allocated to Administrative expenses. Those expenses related to headquarters cost centres which are directly related to the loan origination, sales or distribution process (.e.g. expenses with or related to purchases, logistics and sales teams) are allocated to Cost of sales. 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 for the six-month period ended:

	30 June 2023	30 June 2022
Merchandise	(1,018,227)	(1,222,007)
Employees costs	(53,338)	(45,837)
Transportation expenses	(11,334)	(11,699)
Third party services	(11,715)	(7,111)
Depreciation and amortization of tangible and intangible assets	(9,474)	(6,079)
Consumables expenses	(2,272)	(1,909)
Communication and marketing	(3,340)	(3,680)
Repairs and maintenance	(3,015)	(2,880)
Write-down and losses of inventories	(6,720)	(1,653)
Taxes except income tax	(2,774)	-
Other	(8,805)	(7,703)
Total, *of which*	**(1,131,014)**	**(1,310,558)**
Cost of sales	(1,085,606)	(1,277,433)
Administrative expenses	(45,408)	(33,125)

7 CURRENT AND DEFERRED INCOME TAX

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

Significant components of the income tax expense are presented below.

	30 June 2023	30 June 2022
Current tax expense	(6,244)	(15,959)
Deferred tax income / (expense)	1,191	(293)
Income tax expense	**(5,053)**	**(16,252)**

Significant components of deferred tax assets and liabilities as at 30 June 2023, including their movements during the period then ended, are presented below:

	1-January-23			30-June-23	
	Deferred tax assets	Deferred tax liabilities	(Charged) / Credited to profit or loss	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(176)	176	-	-
Allowance for loans granted	2,503	-	(2,443)	60	-
Allowance for bad debts	3,852	-	(289)	3,563	-
Tax loss carried forward	-	-	1,336	1,336	-
Other timing differences	2,337	-	2,411	4,748	-
Total	**8,692**	**(176)**	**1,191**	**9,707**	**-**

Moreover, the loss incurred by Agricover Distribution led to lower current tax expenses incurred by the Group in the six-month period ended 30 June 2023 as compared to the six-month period ended 30 June 2022.

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

Finally, the deferred tax asset related to the allowance for loans granted was derecognised as Agricover Credit transitioned to IFRS as basis of statutory accounting, ECL related costs being deductible starting 1st of January 2023.

As at 30 June 2023, Agricover Holding SA and Agricover Technology SRL have accumulated tax losses of RON 24,393 thousand (expiring period: 2024 – 2030) (31 December 2022: RON 16,937 thousand, expiring period: 2024 – 2029) for which no deferred tax assets have been recognised.

As at 30 June 2023, the Group's subsidiary, Agricover Distribution SA had accumulated tax losses amounting to RON 8,353 thousand (31 December 2022: RON 0) for which deferred tax assets amounting to RON 1,336 thousand were recognised. According to the tax regulations in force the annual loss is recovered from the taxable profits earned in the following 7 consecutive years. The Group considers that Agricover Distribution's taxable profit in the next period will be sufficient and available to cover the accumulated and unused tax losses as of 30 June 2023.

This section discusses risks arising from financial instruments to which the Group is exposed if significant changes in exposures or in the way that those risks are managed occurred during the interim period, inclusing specific information about:

- credit risk, presenting changes in estimates and additional estimates related to the macroeconomic/inflationary environment;
- market risk, presenting the Group's exposure to commodities price risk, foreign exchange risk and interest rate risk, given the volatile macroeconomic.

Practices and patterns around liquidity risk management remain similar to the ones disclosed in the Group's last annual consolidated financial statements.

8 FINANCIAL RISKS MANAGEMENT

The Group's strategy for growth and development has the farmers and their needs at its core. The Group's aim is to support the Group's 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 this in mind, the Group has perfected a business model which follows the seasonality of the agricultural year and financing both working capital and investment needs of the farmers.

Aligned with the agricultural season, trade receivables and loans and advances to customers peak in June and are collected in the second part of the financial year (as main crops are harvested and sold). Trade receivables are financed through similar agreements with suppliers (trade payables are also peaking around this period) and, where not possible or more costly for the Group, through bank loans (which follow the same seasonality). Bank loans, loans from international financial institutions, investment funds and capital markets are the main source of financing for the loans and advances to customers granted within the Agrifinance sector.

This business model involves taking on and managing financial risks in a targeted manner. The core functions of the Group's risk management are to identify all key risks for the Group, 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 Group's risk management framework. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and with consideration of best market practice.

The Group's internal audit function, including the audit committee of three independent members all with significant financial experience and at least one with accounting background, is responsible for the independent review of the risk management and the internal control environment.

The Group's risk management policies are consistent with those disclosed in the last annual consolidated financial statements.

i. CREDIT RISK

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

Credit risk arises mainly from loans and advances and loan commitments granted by Agrifinance and from trade receivables in Agribusiness.

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

Credit risk is the largest financial risk for the Group's business. The Group's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the condensed consolidated statement of financial position.

i.1. Credit risk on loans and advances, including loan commitments and guarantees issued

i.1.1. Forward-looking information incorporated in the ECL model

The Group incorporates forward-looking information into the measurement of ECL. External information considered includes economic data and forecasts for 2023 published by National Commission for Strategy and Prognosis.

The Group has identified the macroeconomic key drivers of credit risk using an analysis of most recent 8 years historical default data and their respective correlation with macroeconomic variables. For the forward-looking adjustment purposes, the contribution of the Agriculture sector in total gross domestic product was found to be highly correlated with the probabilities of default of the Group's loans and advances.

The following related scenarios were used in the calculation of expected credit losses:

	base scenario	**optimistic scenario**	**pessimistic scenario**
30 June 2023			
Contribution of Agriculture in GDP	9.8% growth	29% growth	14.2% decline
scenario weight	15%	0%	85%
31 December 2022			
Contribution of Agriculture in GDP	9.8% growth	29% growth	14.2% decline
scenario weight	15%	0%	85%
30 June 2022			
Contribution of Agriculture in GDP	0.4% decline	15% growth	20% decline
scenario weight	15%	5%	80%

Significant estimate – forward looking scenarios

The incorporation of forward-looking information reflects the expectations of the Management and involves the creation of scenarios (base case, optimistic and pessimistic), including the assignment of probability weights for each scenario as presented below. In the application of the probability weighted scenarios the management estimated that the Agriculture sector gross domestic product for 2023 would decrease with 10.6% compared with 2022.

The following are sensitivities of the results to reasonably possible alternatives to the management's best estimates:

- as of June 2023, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 0.6 million RON;
- as of June 2023, if the optimistic scenario was assigned a probability of 100%, the allowance account would have decreased by 2.9 million RON;

- as of June 2023, if the base scenario was assigned a probability of 100%, the allowance account would have decreased by 1.6 million RON;
- for 2022, if the pessimistic scenario was assigned a probability of 100%, the allowance account would have increased by 0.3 million RON;
- for 2022, if the optimistic scenario was assigned a probability of 100%, the allowance account would have decreased by 2.8 million RON;
- for 2022, if the base scenario was assigned a probability of 100%, the allowance account would have decreased by 1.6 million RON.

The Group constantly monitors the local, regional and global macroeconomic developments and assesses posible impacts of recent or foreseen developments on its business. In order to address possible negative efects of general inflation and increased interest rates, the Group recognised as at 30 June 2023 post model adjustments related to the following risks:

- increased inflation and interest rates might lead to higher default rates and / or credit losses versus historical trends captured by the statistical model employed by the Goup in estimating expected credit losses. To account for such possible impacts the Group stressed the weights of the forward looking scenarios used in estimating probabilities of default. Namely the pessimistic scenario was given a weight of 85% while the base scenario was weighted at 15% (with no weight allocated to the optimistic scenario). The additional allowance booked based on the stressed weights (versus weights of 60% for the base scenario and 20% for each of the optimistic and pesimistic scenarios – as based on a normal distribution) amounts to 1.6 million RON.
- general economic context and its impact on agriculture might lead to decreases in the values of assets held as collateral by the Group (refer to note below for the type of assets held as collateral and their valuation). To account for such possible decreases the Group has stressed the haircuts applied to the fair values of collaterals as part of the expected credit losses estimation process. The additional allowance booked based on the weighted average of scenarios considered amounts to 4.3 million RON. Management does not expect higher losses, versus the expected losses recognised in the consolidated financial statements, from decreased value of assets held as collateral as the Group is in a strong position to execute its collateral due to its close relationships with large and medium farmers across the country.

Individual analysis of exposures with higher risk indicators and / or with special risk or contractual or business characteristics resulted in an additional allowance (versus the allowance resulting from the standard ECL estimation methodology of the Group) of 2.9 million RON (31 December 2022: 3.8 million RON).

i.1.2. Collateral and other credit enhancements

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The main collateral types for loans and advances are:

- Mortgages over agricultural land (arable land);
- Other mortgages over residential and commercial, respectively agricultural properties; and
- Pledge over business assets such as inventories and accounts receivables.

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

The valuation methodologies for different types of collaterals is consistent with that presented in the Group's last annual consolidated financial statements.

Information about the fair value of the collaterals as included in the valuation reports (i.e. before haircuts discussed above), capped at level of the exposure (i.e. if the fair value of the collateral is higher than the exposure to which it relates, then the value of the exposure is included in the table), as at 30 June 2023 is as follows:

Collateral \ Loan type	CAPEX	Credit Line	Total
Loans collateralised by:			
Mortgage	84,224	761,613	845,837
Pledge on equipment	73,878	21,982	95,860
Pledge on stock	-	-	-
Total value of collaterals	**158,102**	**783,595**	**941,697**
Gross loans and advances granted	235,922	2,686,488	2,922,410

Comparative information as at 31 December 2022 is as follows:

Collateral \ Loan type	CAPEX	Credit Line	Total
Loans collateralised by:			
Mortgage	81,892	719,989	801,881
Pledge on equipment	95,607	14,730	110,337
Pledge on stock	-	509,772	509,772
Total value of collaterals	**177,499**	**1,244,491**	**1,421,990**
Gross loans and advances granted	201,990	2,606,569	2,808,559

As at 30 June 2023, the Group has no asset (land or other) obtained by taking possession of collateral held as security (31 December 2022 nil) as a result of foreclosure procedures. Repossessed assets (generally represented by inventories – agricultural products) are sold as soon as practicable.

i.1.3. Loss Allowance ("ECL")

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period:

	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
ECL at 1 Jan 2023	**18,724**	**6,716**	**48,953**	**3,398**	**77,791**
New assets originated	4,274	519	-	1,215	6,008
Increase of existing assets	841	146	22,682	-	23,668
Assets derecognized or repaid (excluding write off)	(2,798)	(2,123)	(7,872)	(2,005)	(14,797)
Transfers from Stage 1	(220)	126	94	-	-
Transfers from Stage 2	398	(608)	210	-	-
Transfers from Stage 3	-	875	(875)	-	-
ECL at 30 June 2023	**21,219**	**5,651**	**63,192**	**2,608**	**92,670**

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

Comparative information for the six month period ended 30 June 2022 is included below:

	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
ECL at 1 Jan 2022	**9,601**	**9,746**	**34,014**	**-**	**53,360**
New assets originated	11,199	-	-	-	11,199
Increase of existing assets	4,734	2,442	1,529	-	8,705
Assets derecognized or repaid (excluding write off)	(6,268)	(20)	(3,410)	-	(9,698)
Transfers from Stage 1	(1,103)	1,103	-	-	-
Transfers from Stage 2	-	(3,161)	3,161	-	-
Transfers from Stage 3	-	-	-	-	-
Amounts written off	-	-	(1,268)	-	(1,268)
ECL at 30 June 2022	**18,163**	**10,109**	**34,026**	**-**	**62,298**

Significant changes in the gross carrying amount ("GCA") of loans and advances that contributed to changes in the respective loss allowance were as follows:

	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
GCA at 1 Jan 2023	**2,534,867**	**193,013**	**68,040**	**12,639**	**2,808,559**
New assets originated	564,906	18,145	-	1,552	584,603
Increase of existing assets	103,518	12,892	10,257	-	126,667
Assets derecognized or repaid (excluding write off)	(562,585)	(17,337)	(9,363)	(8,134)	(597,419)
Transfers from Stage 1	(23,570)	16,006	7,564	-	-
Transfers from Stage 2	20,020	(32,496)	12,475	-	(1)
Transfers from Stage 3	-	2,620	(2,620)	-	-
GCA at 30 June 2023	**2,637,156**	**192,843**	**86,353**	**6,057**	**2,922,410**

Comparative information for the six month period ended 30 June 2022 is included below:

	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
GCA at 1 Jan 2022	**1,655,993**	**151,071**	**54,735**	**-**	**1,861,799**
New assets originated	798,110	-	-	-	798,110
Increase of existing assets	158,502	12,241	3,119	-	173,863
Assets derecognized or repaid (excluding write off)	(459,349)	(1,233)	(5,639)	-	(466,222)
Transfers from Stage 1	(122,525)	122,525	-	-	-
Transfers from Stage 2	-	(5,986)	5,986	-	-
Transfers from Stage 3	-	-	-	-	-
Amounts written off	-	-	(1,268)	-	(1,268)
GCA at 30 June 2022	**2,030,731**	**278,618**	**56,933**	**-**	**2,366,282**

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

Loans and advances by type of product, stage classification and type of credit risk assessment are detailed below:

30 Jun 2023	Capex		Credit line	
	GCA	ECL	GCA	ECL
Collective analysis				
Stage 1	221,172	1,082	2,415,993	20,137
Stage 2	10,402	130	165,680	2,606
Stage 3	1,632	1,502	84,713	61,690
Purchased Credit Impaired	-	-	6,057	2,608
Individual analysis				
Stage 2	2,716	377	14,045	2,538
Stage 3	-	-	-	-
Total	**235,922**	**3,091**	**2,686,488**	**89,579**

Comparative information for the year ended 31 December 2022 is included below:

31 Dec 2022	Capex		Credit line	
	GCA	ECL	GCA	ECL
Collective analysis				
Stage 1	189,160	981	2,345,713	17,743
Stage 2	7,906	50	162,407	2,291
Stage 3	1,556	1,164	64,515	47,186
Purchased Credit Impaired	-	-	12,639	3,398
Individual analysis				
Stage 2	3,154	715	19,547	3,660
Stage 3	214	134	1,748	469
Total	**201,990**	**3,044**	**2,606,569**	**74,747**

Sections below include a presentation of loans and advances to customers, separately for each significant class of products and type of customers, by credit quality, whereby credit quality is defined as:

- Low risk – loans and advances to customers included in Stage 1;
- Medium risk – loans and advances to customers included in Stage 2;
- Substandard – loans and advances to customers included in Stage 3 with 0-180 days past due;
- Doubtful – loans and advances to customers included in Stage 3 with 181-360 days past due;
- Loss – loans and advances included in Stage 3 with more than 360 days past due.

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

i.1.3.1. Credit lines

The table below shows the credit quality and the exposure to credit risk from Credit lines granted, by the Group's probability of default, as at 30 June 2023.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
Performing						
below 400HA						
	Low risk	580,864	-	-	-	580,864
	Medium risk	-	33,955	-	-	33,955
above 400HA						
	Low risk	1,833,263	-	-	-	1,833,263
	Medium risk	-	145,770	-	-	145,770
others						
	Low risk	1,865	-	-	-	1,865
Non-performing						
below 400HA						
	Substandard	-	-	9,484	-	9,484
	Doubtful	-	-	9,556	-	9,556
	Loss	-	-	10,367	-	10,367
above 400HA						
	Substandard	-	-	22,099	6,057	28,156
	Doubtful	-	-	26,775	-	26,775
	Loss	-	-	6,433	-	6,433
Total GCA		**2,415,992**	**179,725**	**84,714**	**6,057**	**2,686,488**

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

Comparative information for 31 December 2022 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
Performing						
below 400HA						
	Low risk	450,446	-	-		450,446
	Medium risk	-	38,824	-		38,824
above 400HA						
	Low risk	1,831,833	-	-		1,831,833
	Medium risk	-	140,050	-		140,050
others						
	Low risk	63,437	-	-		63,437
	Medium risk	-	3,078	-		3,078
Non-performing						
below 400HA						
	Substandard	-	-	12,257		12,257
	Doubtful	-	-	177		177
	Loss	-	-	5,343		5,343
above 400HA						
	Substandard	-	-	35,088	12,639	47,727
	Doubtful	-	-	80		80
	Loss	-	-	3,320		3,320
others						
	Substandard	-	-	328		328
	Doubtful	-	-	352		352
	Loss	-	-	9,317		9,317
Total GCA		**2,345,716**	**181,952**	**66,262**	**12,639**	**2,606,569**

The tables below summarise the ageing of Stage 2 and Stage 3 Credit lines granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2.
- Stage 3 – loans less than 90 days past due (dpd), thus presenting the loans classified as Stage 3 due to criteria other than payment delays.

30 Jun 2023	Stage 2		Stage 3		POCI	
	GCA	ECL	GCA	ECL	GCA	ECL
Less than						
Collective analysis						
30 dpd (for Stage 2)	165,036	2,594	-	-	-	-
90 dpd (for Stage 3)	-	-	29,025	16,959	6,057	2,608
Individual analysis	-	-	-	-	-	-
30 dpd (for Stage 2)	14,045	2,538	-	-	-	-
90 dpd (for Stage 3)	-	-	-	-	-	-
Total	**179,081**	**5,132**	**29,025**	**16,959**	**6,057**	**2,608**

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

Comparative information for the year ended 31 December 2022 is included below:

31 Dec 2022	Stage 2		Stage 3	
	GCA	ECL	GCA	ECL
Less than				
Collective analysis				
30 dpd (for Stage 2)	153,336	2,114	-	-
90 dpd (for Stage 3)	-	-	53,562	27,806
Individual analysis				
30 dpd (for Stage 2)	17,623	2,958	-	-
90 dpd (for Stage 3)	-	-	1,748	469
Total	**170,959**	**5,072**	**55,310**	**28,275**

i.1.3.2. Capex

The table below shows the credit quality and the exposure to credit risk from Capex loans, by the Group's probability of default, as at 30 June 2023.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	56,046	-	-	56,046
	Medium risk	-	2,780	-	2,780
above 400HA					
	Low risk	165,126	-	-	165,126
	Medium risk	-	10,339	-	10,339
Non-performing					
below 400HA					
	Substandard	-	-	158	158
	Doubtful	-	-	224	224
	Loss	-	-	460	460
above 400HA					
	Substandard	-	-	177	177
	Doubtful	-	-	590	590
	Loss	-	-	22	22
Total GCA		**221,172**	**13,119**	**1,631**	**235,922**

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

Comparative information for 31 December 2022 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	34,966	-	-	34,966
	Medium risk	-	3,161	-	3,161
above 400HA					
	Low risk	130,443	-	-	130,443
	Medium risk	-	7,635	-	7,635
others					
	Low risk	23,752	-	-	23,752
	Medium risk	-	264	-	264
Non-performing					
below 400HA					
	Substandard	-	-	253	253
	Doubtful	-	-	5	5
	Loss	-	-	197	197
above 400HA					
	Substandard	-	-	778	778
	Loss	-	-	150	150
others					
	Substandard	-	-	248	248
	Loss	-	-	138	138
Total GCA		**189,161**	**11,060**	**1,769**	**201,990**

The tables below summarise the ageing of Stage 2 and Stage 3 Capex loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2.
- Stage 3 – loans less than 90 days past due (dpd), thus presenting the loans classified as Stage 3 due to criteria other than payment delays.

30 Jun 2023	**Stage 2**		**Stage 3**	
	GCA	**ECL**	**GCA**	**ECL**
Less than				
Collective analysis				
30 dpd (for Stage 2)	10,402	175	-	-
90 dpd (for Stage 3)	-	-	335	328
Individual analysis				
30 dpd (for Stage 2)	2,716	377	-	-
90 dpd (for Stage 3)	-	-	-	-
Total	**13,118**	**552**	**335**	**328**

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

Comparative information for the year ended 31 December 2022 is included below:

31 Dec 2022	**Stage 2**		**Stage 3**	
	GCA	**ECL**	**GCA**	**ECL**
Less than				
Collective analysis				
30 dpd (for Stage 2)	7,395	90	-	-
90 dpd (for Stage 3)	-	-	721	502
Individual analysis				
30 dpd (for Stage 2)	3,154	715	-	-
90 dpd (for Stage 3)	-	-	214	134
Total	**10,549**	**805**	**935**	**636**

i.1.4. Modified loans and advances to customers

Restructuring activities include extended payment arrangements, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that collection will most likely continue. These policies are kept under continuous review. Repeated restructuring is one of the Group's impairment indicators. As at 30 June 2022, the modified net exposure was of RON 32,372 thousand (31 December 2022: RON 29,514 thousand).
An analysis of the restructured loans and advances to customers as at 30 June 2023 and 31 December 2022, per types of loans, is presented in the table below:

	30 June 2023		**31 December 2022**	
	Capex	**Credit lines**	**Capex**	**Credit lines**
Collective analysis				
Gross Carrying Amount, *of which*:	**1,060**	**45,067**	**1,211**	**39,525**
Stage 2	863	20,153	819	18,385
Stage 3	197	20,036	392	11,834
Purchased credit impaired	-	4,878	-	9,306
Expected Credit Losses, *of which*:	**214**	**13,541**	**344**	**10,878**
Stage 2	17	158	10	193
Stage 3	197	11,615	334	9,278
Purchased credit impaired	-	1,768	-	1,407
Total gross exposure	**1,060**	**45,067**	**1,211**	**39,525**
Total expected credit losses	**214**	**13,541**	**344**	**10,878**
Total net exposure	**846**	**31,526**	**867**	**28,647**

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for twelfe consecutive months or more.

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

i.2. Credit risk on financial assets other than loans and advances

Other financial assets which potentially subject the Group to credit risk, consist mainly of cash equivalents, trade and other current and non-current receivables. Each subsidiary of the Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit standing. Risk control assesses the credit quality of new customer before standard payment and delivery terms and conditions are offered and periodically for existing customers. Such assessments consider the financial position of the customer, the Group's past experience with that customer, external credit risk information where available and other relevant factors as the case may be. Individual risk limits are set based on internal analysis in accordance with limits set by the Board of Directors. The compliance with credit limits by wholesale customers is regularly monitored by line management.

i.2.1. Individually significant exposures

Significant exposures are analysed individually for the purpose of identification of any impairment indicators and / or of measuring the related expected credit losses. Such analyses are based on the age of the receivable balances, external evidence of the credit status of the counterparty and any disputed amounts.

Cash and cash equivalents are analysed individualy. The credit risk on cash and cash equivalents is very small, since cash and cash equivalents are placed with financial institutions which are considered at time of deposit to have minimum risk of default (for details please see Note 11).

i.2.2. Trade and other receivables

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

The expected loss rates are based on the payment profiles of sales observed over a period of 36 months before 30 June 2023 and 31 December 2022, respectively and the corresponding historical credit losses experienced within this period. Where relevant, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the expected credit losses as at 30 June 2023 were determined as follows for trade receivables:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	1%	2%	11%	9%	29%	79%	99%	
Trade receivables	1,029,508	23,484	4,643	3,199	14,598	16,598	9,446	1,101,476
ECL	7,061	506	495	274	4,209	13,114	9,339	34,998

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

Comparative information as at 31 December 2022 is included below:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	1%	5%	23%	41%	45%	62%	100%	
Trade receivables	484,368	11,493	19,582	15,048	7,102	570	10,192	548,355
ECL	4,729	562	4,491	6,219	3,167	355	10,192	29,715

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 equity prices.

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

ii.1. Commodities price risk

The Group is exposed to both deflationary and inflationary commodity price risk, particularly in its Agribusiness segment. Commodity price rallies during 2021 and 2022 led to the Group's and Agribusiness segment's increase in net debt, trade receivables, and inventories, among others. On the other hand, it had a positive impact to the extent it fueled the increase of the loans and advances granted to customers within Agrifinance segment.

Inflation

The common factors driving up inflation during 2022 were soaring fuel and food costs, both significant to the agriculture sector and together accounting on average for more than half of the inflation in 2022 across Europe. Prices for many consumer goods were trending up at the start of 2022 because of COVID-19's lingering impact on supply chains. Russia's invasion of Ukraine in February 2022 proved even more disruptive. In this context, central banks throughout the rich world imposed, and continue to do so, sharp monetary tightening measures.

Currently, although lower in 2023, the inflation remains far above central banks' 2% targets. The euro area annual inflation rate was 5.5% in June 2023, down from 6.1% in May. An year earlier, the rate was 8.6%. European Union annual inflation was 6.4% in June 2023, down from 7.1% in May. An year earlier, the rate was 9.6%. In Romania the inflation in June 2023 decreased to 10.3%, marginally lower than 10.6% as at May 2023.

Oil and gas

Even before Ukraine being invaded by Russia (who used to provide close to 40% of Europe's gas), European gas prices have soared. After Russia announced it would cut off gas to the Nord Stream 1 pipeline in August 2022, the benchmark TTF price soared above €300 per MWH, 13 times the average in 2018 to 2021. Since January 2023, however, things have been different. Brent crude, the global oil benchmark, has hovered around $75 a barrel, compared with $120 a year ago. In Europe, gas prices, at €35 per MWH, are 88% below their peak in August 2022.

However, even though prices have declined from their peaks, real gas and electricity costs remain well above their historical averages (e.g., as recently as 2021 the price of gas was below €20 per MWH).

Moreover, prices could well rise later in the year. Many analysts expect Brent crude to stay close to $80 a barrel and not to reach triple digits. Gas futures markets in Europe and Asia point to a 30% rise from their June levels by the autumn, rather than anything more extreme. S&P Global June projections expected prices to return to pre-2022 levels reaching around 26 EUR per MWH in Q3 2023 before rising again from Q4 2023 due to the increased winter demand.

Crop nutrition

Contained energy inflation and natural gas prices down to pre-2022 levels, albeit remaining above pre-COVID levels, contribute to reduced pressure on the EU crop nutrition market, although uncertainties remain.

A very high level of imports of nitrogen fertilisers in the second semester of 2022 and the first months of 2023 compensated for a closure of a significant part of the EU ammonia production capacity in 2022. This was also favoured by the suspension of most-favoured-nation duties on ammonia and urea between December 2022 and June 2023. Furthermore, declining natural gas prices allows EU domestic ammonia plants to gradually restart. While imports are decreasing, this should result in a large availability of nitrogen products on the EU markets and is expected to further ease some pressure on agricultural input costs in 2023.

For phosphorus (P) and potassium (K) fertilisers however, the slower pace of imports led to a lower decrease of prices than for nitrogen fertilisers.

Grains

After Russia blockaded Ukraine's Black Sea ports following its invasion last year, the EU lifted tariff s on the country's agricultural exports and created trade routes for the transport of such goods through Bulgaria, Poland and Romania. But these "solidarity lanes" have not worked as planned. Due to logistical bottlenecks, much of the produce destined for Africa and the Middle East has piled up in eastern Europe, leading to a glut of maize, wheat and sunflower seeds. This has pushed down local prices.

Measures facilitating trade with Ukraine continued, but temporary safeguards were adopted to alleviate pressure observed in frontline EU countries. Moreover, EU agriculture ministers have agreed to provide farmers in the impacted countries with financial assistance.

In this context, the declining trend of EU farmer's price index (calculated and published by the European Union) observed since October 2022 has been sustained. In May, it was almost 15 points below its peak. These developments are supported mainly by further reduction of arable crops prices. Since January, the price drops range from -19% in case of maize to -22% for wheat.

At global level, the FAO Cereal Price Index averaged 126.6 points in June, down 2.7 points (2.1 percent) from May and as much as 39.7 points (23.9 percent) below its value a year ago. The month-on-month decline reflects a fall in the world prices of all major cereals, driven mostly by increased seasonal supplies, ample supplies in the Russian Federation, where the wheat export tax decreased in the month of June, and improved crop conditions in the United States of America.

Impact on our business

In order to mitigate the effects of supply chain disruptions and heightened availability risk during 2022, the Group operated with higher commodity inventories during the prior year, situation which led to an increased level of crop protection products and crop nutrition products inventories as at December 2022. Sharp price drops during 2023 generated crop nutrition inventories related losses of about 35 million RON. Another 12 million RON losses were incurred due to glyphosate price drops, a crop protection product. We do not expect similar significant losses during the second half of 2023 as substantially all crop nutrition and glyphosate inventories purchases in 2022 were sold or depreciated to net realisable value by the date of these condensed consolidated interim financial statements.

We continually monitor commodity market price movements and stock holding levels, taking necessary corrective actions to minimise risks, particularly where downward market price movements could have a negative impact on balance sheet assets values. Our objective is to not hold inventories higher than two months' worth of sales – however our business is highly seasonal, different product categories as applied in different parts of the agricultural seasons have a wide range of costs, which might result in seasonal variation both in the value and mix of our inventories.

Given the high correlation which continues to persist between the prices of agricultural inputs and outputs, the favourable weather conditions for autumn crops as well as EU assistance granted to farmers impacted by higher Ukraine imports, we do not expect commodities prices shifts observed during 2023 to significantly impact our cost of risk or non-performing loans ratio.

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 Board has set limits on the net positions the Group can hold in foreign currencies, including foreign exchange positions of subsidiaries. Such limits are especially relevant for the Agrifinance division, where part of borrowings from international financial institutions, other debt agreements and proceeds from issued bonds are EUR denominated. According to the limits set by the Group and to certain financial covenants imposed by borrowing agreements, the open foreign currency position within Agrifinace should not exceed 10% of its Total Capital. The Group's strategy is to monitor open foreign currency positions on a daily basis and apply risk management strategies to ensure it manages itself against currency risk. Positions are maintained within established limits by either balancing the assets and liabilities in the relevant currencies, or taking out foreign currency swaps or forwards and converting the exposures into RON.

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

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

	30 June 2023		31 December 2022	
	EUR	**USD**	**EUR**	**USD**
Assets				
Cash and bank balances	46,011	50	6,943	7
Loans and advances to customers	321,902	-	334,278	-
Trade and other receivables	1,827	(74)	2,869	953
Total assets	**369,740**	**(24)**	**344,090**	**960**
Liabilities				
Borrowings	410,462	29,363	275,721	24,956
Issued bonds	200,651	-	203,401	-
Trade and other payables	55,569	10,702	40,024	27,174
Total Liabilities	**666,682**	**40,065**	**519,146**	**52,130**
Derivative financial instruments (notional)	130,541	-	86,580	5,881
Net financial position	**(166,401)**	**(40,089)**	**(88,476)**	**(45,289)**

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in EUR and USD exchange rates relative to the functional currency. The rate used are based on the market estimamtion and the reporting period end rates.The sensitivities are calculated by applying the changes in the exchange rates to the above net financial position, in case of gain / (loss) before tax, respectively by considering tax effect in case of equity impact.

	30 June 2023	**30 June 2022**
	EUR strengthening by 1.7%	*EUR strengthening by 3%*
(Loss) before tax of:	(2,829)	(3,517)
Equity	(2,376)	(3,037)

	30 June 2023	**30 June 2022**
	USD weakening by 6.5%	*USD weakening by 4%*
Gain before tax of:	2,606	2,595
Equity	2,189	2,180

ii.3. Interest rate risk

The Group's main interest rate risk arises from the mismatch between the repricing frequency of loans and advances granted with variable rates, on the asset side, and the repricing frequency of borrowings together with the fixed rate bonds issued on the liabilities side. This mismatch exposes the Group to cash flow interest rate risk. The Group's strategy is to monitor and, depending on the market conditions and anticipated trends, partly hedge the risk of open repricing gap using floating-to-fixed interest rate swaps.

During 2021, the Group contracted a 5 year maturity 40 million EUR (equivalent of 194,838 thousand RON) fixed rate bond. The proceeds were used to finance the loans granting activity of the Agrifinance division.

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

The following table provides an analysis of the Group's interest rate risk exposure on financial assets and liabilities. The Group's 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
Loans and advances to customers	1,697,682	17,916	1,085,721	28,421	2,829,740
Other non-current receivables	-	-	-	2,755	2,755
Trade and other receivables	387,956	232,043	427,440	49,232	1,096,671
Finance lease receivable	92	95	277	68	532
Cash and cash equivalents	142,730	-	-	-	142,730
Total financial assets	**2,228,460**	**250,054**	**1,513,438**	**80,476**	**4,072,428**
Bonds issued	-	2,799	-	197,852	200,651
Borrowings	1,056,527	1,175,836	290,365	100,623	2,623,351
Lease liabilities	710	1,570	5,908	14,432	22,620
Trade and other payables	197,843	149,870	433,119	8,934	789,766
Total financial liabilities	**1,255,080**	**1,330,075**	**729,392**	**321,841**	**3,636,388**
Interest repricing gap	**973,380**	**(1,080,021)**	**784,046**	**(241,365)**	**436,040**

Comparative information as at 31 December 2022 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans and advances to customers	1,285,399	7,042	1,377,207	61,120	2,730,768
Other non-current receivables	-	-	-	2,704	2,704
Trade and other receivables	66,479	32,830	447,982	1,568	548,859
Finance lease receivable	65	-	562	209	836
Cash and cash equivalents	119,601	-	-	-	119,601
Total financial assets	**1,471,544**	**39,872**	**1,825,751**	**65,601**	**3,402,768**
Bonds issued	-	6,281	-	197,119	203,400
Borrowings	1,091,979	996,951	178,299	101,716	2,368,945
Lease liabilities	615	1,434	5,562	12,703	20,314
Trade and other payables	147,557	32,685	221,032	-	401,274
Total financial liabilities	**1,240,151**	**1,037,351**	**404,893**	**311,538**	**2,993,933**
Interest repricing gap	**231,393**	**(997,479)**	**1,420,858**	**(245,937)**	**408,835**

The gaps in up to one year risk bands are explained by the fact that 67% of the the Group's granted loans and advances to the customers bear floaring interest with 6M tenor base rates and monhtly repricing frequency. Remaining portfolio is either repriced with a six months frequency or bears fixed interest rates. The Group's borrowings bear floaring interest with 6M, 1M or 3M tenor base rates with repricing frequencies that match the tenor of the respective base rates. Such risk exposure is in the normal course of business for the Group.

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

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

	30 June 2023 *Interest rate lower by 3.7%*	**30 June 2022** *Interest rate higher by 1%*
(Loss) before tax of:	(16,123)	(423)
Equity	(13,544)	(356)

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

This section includes information about the capital management practices within the Group as well as its dividend distribution policy.

9 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to:

- safeguard the Group ability to continue as a going concern, so that it 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 not to distribute dividends, except for specific instances mostly related to Group restructuring activities. As the Company is more and more active on the capital markets and in order to manage its capital structure, it may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the Net Debt Ratio, which shall be equal to or lower than 6.00. The Net Debt Ratio or gearing ratio is computed based on these condensed consolidated interim financial statements and represents Total borrowings (including lease liabilities) less Cash and cash equivalents over Total equity, as follows:

#	item description	Reference / Note	30-Jun-23	31-Dec-22	30-Jun-22
=(A+B-C)/D	**Net Debt Ratio**		**4.26**	**3.88**	**3.90**
A	Borrowings	12	2,824,002	2,572,345	2,490,081
B	Lease liabilities		22,620	20,314	16,389
C	Cash and cash equivalents	11	142,730	119,601	131,524
D	Total equity		634,188	637,527	608,355

Fluctuations in the net debt ratio follows the agricultural season as borrowings peak around June (refer to note 8).

Regulatory capital is monitored by the Agrifinance segment (Agricover Credit), employing techniques based on the guidelines developed by the National Bank of Romania ("NBR") for supervisory purposes. The required information is filed with the NBR on a quarterly basis at individual level, by Agricover Credit. The Group complied with all externally imposed capital requirements throughout the six-month period ended 30 June 2023 and 2022, as described above and in Note 12.

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

This section provides information about the Group's financial assets and liabilities, including specific information about each type of financial instrument held as well as their fair values. Accounting policies for recognising and measuring financial instruments are the ones disclosed in the Group's last annual consolidated financial statements.

10 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 Group or commercial credit).

	30 June 2023	31 December 2022
Trade receivables	1,524,391	772,689
Expected commercial discounts	(422,915)	(224,333)
Trade receivables net of expected discounts	**1,101,476**	**548,356**
Less: allowance for trade receivables	(34,998)	(29,715)
Trade receivables – net	**1,066,478**	**518,641**
Receivables from related parties	25,787	24,888
Less: allowance for receivables from related parties	(10)	(503)
Receivables from related parties- net (note 18)	25,777	**24,385**
Other receivables	7,180	9,175
Less: allowance for other receivables	(7)	(639)
Other receivables - net	**7,173**	**8,536**
Total other receivables, net	**32,950**	**32,921**
Total, *of which:*	**1,099,428**	**551,562**
current portion	**1,047,439**	**547,291**
non-current portion, *of which:*	**51,987**	**4,271**
Trade receivables	49,232	1,568
Receivables from related parties	2,755	2,704

11 CASH AND CASH EQUIVALENTS

As at 30 June 2023 and 31 December 2022 the cash and cash equivalents presented in the Condensed Consolidated Statement of Financial Position are represented by investments held with highly rated local banks as follows:

	30 June 2023	31 December 2022
Investment grade	58,752	15,778
Parent investment grade	11,127	48,593
Non-investment grade	58,027	29,502
Unrated	14,824	25,728
Total	**142,730**	**119,601**
out of which:		
Current account	104,209	115,226
Deposits with banks	38,521	4,375
Total	**142,730**	**119,601**

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

The investment-grade and parent investment grade category includes exposures to banks or banks controlled by entities with the following Fitch ratings, or their equivalent: AA, A+, A, A-, A1, BBB+, BBB-, BBB. The non-investment-grade category includes exposures to banks with the following Fitch ratings, or their equivalent: BB+, BB and BB-. The unrated category includes exposures to bank with no rating assigned by the any of the biggest three global credit rating agencies.

12 BORROWINGS

	30 June 2023	31 December 2022
Non-current		
Borrowings	726,361	929,217
Issued bonds	197,852	197,119
Total non-current borrowings	**924,213**	**1,126,336**
Current		
Borrowings	1,896,990	1,439,728
Issued bonds	2,799	6,281
Total current borrowings	**1,899,789**	**1,446,009**
Total borrowings	**2,824,002**	**2,572,345**

Borrowings from banks and international financial institutions

Borrowings from local banks bear floating interest rate and can be denominated in RON or EUR. Some are secured by assignment of loans granted to customers, by pledges on inventories, by pledges on current accounts opened at respective banks, and / or by assignment of receivables.

Borrowings from international financial institutions and investments funds bear floating interest rates or fixed interest rates, can be denominated in RON or EUR and are uncollateralised.

The carrying amounts of assets pledged as security are disclosed in note 19.

Geographical concentration is as follows:

Borrowings from:	**30-Jun-23**	**31-Dec-22**
Local banks	1,875,097	1,714,900
International financial institutions within European Union	678,326	571,800
International Investment Bank	62,282	69,481
International Finance Corporation	7,646	12,764
Issued bonds	200,651	203,400
Total borrowings	**2,824,002**	**2,572,345**

Under the terms of major borrowing facilities, the Group and its subsidiaries are required to comply with financial covenants such as: capital adequacy ratios, non-performing loans ratios, economic group exposure/ large exposure ratios, related party exposure ratios or currency risk ratios, etc.

In April 2023, the U.S Treasury Department's Office of Foreign Assets Control ("OFAC") has included International Investment Bank on the specially designated nationals and blocked persons list (OFAC Sanctions).

The Group is borrower under two facility agreements concluded with International Investment Bank, prior to the OFAC Sanctions, on 19 March 2019 and 27 February 2020. The total current outstanding principal amount under the International Investment Bank Facility Agreements is of RON 60,800 thousand.

Unlike sanctions imposed by European Union or by Romanian authorities, OFAC Sanctions are not applicable directly in Romania, in absence of specific Romanian legislation imposing this. To our knowledge, up to the date of these condensed consolidated interim financial statements, the Applicable Legislation does not include the OFAC Sanctions.

Notwithstanding the OFAC Sanctions not being directly applicable under Romanian law, the Group does not wish its lenders' group to include lenders subject to international sanctions and therefore the Group currently considers available options to terminate the International Investment Bank facility agreements, including by way of voluntary prepayment of amounts owed to International Investment Bank. International Investment Bank, at their own initiative, issued a temporary waiver to the Group for the payments due in June 2023 under the International Investment Bank facility agreements to be postponed for payment until 19 September 2023. Although we expect that International Investment Bank will continue to grant such temporary waivers, if, for whatever reasons, the Group will early repay the loans, the management considers that this will not significantly impact the Group's ongoing business.

Issued bonds

During 2021, the Group issued a 40 million EUR fixed rate bond with 5 years maturity. The proceeds were used to finance the loans granting activity of the Agrifinance division. The bonds are unsecured and include certain financial covenants that the Group or its subsidiaries have to comply with, and which are monitored based on the Group's annual consolidated financial statements or the annual financial statements of the relevant subsidiaries, as appropriate.

Compliance with covenants

The Group and its subsidiaries have complied with all relevant financial covenants imposed by their respective borrowing facilities during six-month period ended 30 June 2023.

Non-compliance with financial covenants imposed by the Group's borrowings or other contractual breaches, including breach of payment terms, would result in the creditors having the right to early call the related facilities. Moreover, some of the Group's funding agreements include customary cross default provisions, including provisions that puts Agricover Distribution or Agricover Credit in default if the other defaults on its funding agreements.

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

Changes in liabilities arising from financing activities

Significant changes in the Group's borrowings are presented below:

	2023		2022	
	Borrowings	**Lease liability**	**Borrowings**	**Lease liability**
at 1 January	**2,572,345**	**20,314**	**1,676,870**	**13,499**
Withdrawals from borrowings	5,815,838	-	5,975,120	-
New lease agreement	-	7,081	-	14,632
Interest accrued during the period	107,723	201	162,594	368
Interest paid	(103,360)	(334)	(151,549)	(366)
Repayments	(5,564,976)	(4,725)	(5,086,743)	(7,745)
Foreign exchange rate effect	(3,568)	83	(3,947)	(74)
At 30 June / 31 December	**2,824,002**	**22,620**	**2,572,345**	**20,314**

13 TRADE AND OTHER PAYABLES

	30 June 2023	**31 December 2022**
Trade payables	783,740	349,674
Expected commercial discounts	(95,464)	(47,182)
Trade payables net of expected discounts	**688,276**	**302,492**
Payables to related parties (note 18)	48,159	47,380
Fixed assets suppliers	23	41
Dividends payable (note 18)	6,063	7,288
Refund liability	10,114	11,654
Personnel and related taxes	27,951	30,349
Total other payables	**92,310**	**96,712**
Total	**780,586**	**399,204**
Other non-financial liabilities		
VAT payable	8,997	2,902
Other current liabilities	183	248
Total trade and other payables, of which	**789,766**	**402,354**
Current	780,744	401,274
Non-current portion	9,022	1,080

Trade and other payables are unsecured and their carrying amounts are a reasonable approximation of their fair values, due to their short-term nature.

14 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.

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

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).

i. Financial instruments measured at fair value

The level in the fair value hierarchy into which the recurring fair value measurements are categorized is presented in the table below. Recurring fair value measurements are those that the accounting standards require or permit in the condensed consolidated statement of financial position at the end of each reporting period.

	30-Jun-23		**31-Dec-22**	
	Level 2	**Total**	**Level 2**	**Total**
Financial liabilities at fair value:				
Derivatives held for risk management	3,715	3,715	4,699	4,699

As at 30 June 2023 the Group had FX Forward contracts outstanding with a total negative fair value of RON 3,715 thousand (31 December 2022: RON 4,699 thousand).The fair value of derivatives was estimated based on discounted cash flows model, using directly observable inputs (i.e.: market exchange rate and interest rates). As such, the fair value of the derivative is classified as Level 2 in the fair value hierarchy.

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardized contractual terms and conditions. Derivatives have potentially favorable (assets) or unfavorable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The Group does not take trading or speculative positions when entering into derivative transactions. All such transactions are initiated for risk management purposes.

ii. Financial instruments not measured at fair value but for which fair value is disclosed

The level in the fair value hierarchy into which the fair value measurements of financial assets and liabilities not measured at fair value but for which fair value is disclosed are categorized and presented in the table below. Fair value is disclosed for all financial assets and liabilities not measured at fair value and for which fair value is significantly different than the carrying amount.

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

30 June 2023	Fair value				**Carrying value**
	Level 1	**Level 2**	**Level 3**	**Total**	
Loans and advances to customers					
Capex	-	-	232,831	232,831	232,831
Credit lines	-	-	2,589,265	2,589,265	2,596,909
	-	**-**	**2,822,096**	**2,822,096**	**2,829,740**
Trade and other receivables	-	-	49,250	49,250	49,232
Other non-current assets	-	-	2,495	2,495	2,755
Total assets	**-**	**-**	**2,873,841**	**2,873,841**	**2,881,727**
Borrowings					
From local banks	-	-	1,875,097	1,875,097	1,875,097
From international financial institutions	-	-	740,783	740,783	748,254
Issued bonds	-	186,228	-	186,228	200,651
Total liabilities	**-**	**186,228**	**2,615,880**	**2,802,108**	**2,824,002**

Comparative information as at 31 December 2022 is presented below:

31 December 2022	Fair value				**Carrying value**
	Level 1	**Level 2**	**Level 3**	**Total**	
Loans and advances to customers					
Capex	-	-	198,947	198,947	198,947
Credit lines	-	-	2,515,359	2,515,359	2,531,821
	-	**-**	**2,714,306**	**2,714,306**	**2,730,768**
Trade and other receivables	-	-	1,512	1,512	1,568
Other non-current receivables	-	-	2,486	2,486	2,704
Total assets	**-**	**-**	**2,718,304**	**2,718,304**	**2,735,040**
Borrowings					
From local banks	-	-	1,715,034	1,715,034	1,714,900
From international financial institutions	-	-	645,371	645,371	654,045
Issued bonds	-	190,921	-	190,921	203,400
Total liabilities	**-**	**190,921**	**2,360,405**	**2,551,326**	**2,572,345**

All other financial assets and liabilities in the Group's condensed consolidated statement of financial position, those that are not included in the table above and for which the fair value is not disclosed, have their fair values approximated by the carrying value.

Techniques and inputs used to determine level 2 and level 3 fair values

Fair value of **loans and advances to customers** was estimated as follows:

- fair value of floating rate loans and advances was approximated by their net carrying amount as credit risk impact is already accounting for through the allowance for expected credit losses;

- in estimating the fair value of fixed rate loans and advances the Group has discounted contractual cash flows. The discount rate was estimated for each exposure individually by adjusting the contractual fixed rate with the change in the relevant floating rate benchmarks (e.g. 3M or 6M ROBOR) between the grant date of each respective loans and the valuation date. The net present value was adjusted with the credit loss allowance in case of assets impaired at the valuation date.

Fair value of **borrowings** contracted was estimated as follows:

- fair value of floating rate loans and advances was approximated by their net carrying amount;
- in estimating the fair value of fixed rate borrowings, the Group has discounted contractual cash flows. The discount rate was estimated for each borrowing individually by considering: i) the yields on contracted floating rate borrowings with similar risk characteristics (e.g. currency), or firm financing offers received thereof, close to the valuation date; and ii) the interest rate swap curve to convert the floating rates determined at i) above to fixed rates for relevant maturities.

The **issued bonds** were not actively traded close to the end of the reporting period. For disclosure purposes the Company estimated their fair value by:

- ✓ calculating the yield spread over EUR denominated Romanian sovereign bonds with similar maturities and annual coupon, as of the origination date (i.e. February 2021);
- ✓ estimating the yield on the Company issued corporate bonds as of 30 June 2023 by considering:
    i. the evolution of the yield of the respective sovereign bonds between February 2021 and June 2023, and
    ii. constant yield spread between the Company issued corporate bonds and the government bonds with otherwise similar characteristics.

Fair value of **non-current trade and other receivables** was estimated by discounting expected cash flows over their expected maturity using a discount rate calculated as the average of market interest rates offered by local banks to their commercial customers for loans with similar characteristics generated in June (based on monthly reports published by the National Bank of Romania) and of interest rates offered by Agricover Credit to its customers during the same period.

For short term **trade and other financial liabilities**, 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 Group's non-financial assets and liabilities, including specific information about:

- Inventories (note 15);
- Intangible assets (note 16);
- Contract liabilities (note 17).

15 INVENTORIES

	30 June 2023	31 December 2022
Crop protection products	98,152	80,671
Crop nutrition products	10,017	83,489
Seeds	-	1,738
Total carrying amount of goods purchased for resale	**108,169**	**165,898**
Packaging, spare parts and other consumables	1,628	1,172
Total	**109,797**	**167,070**

Higher inventories of crop nutrition products as at 31 December 2022 were driven by the turmoil and shortages on these markets during the 2022 calendar year. In this context, the Group decided to secure inventories needed to meet the local demand for the 2022 autumn campaign. As supply chains are back to normal in 2023, inventories of crop nutrition products decreased. Inventories of crop protection products stayed high, driven by seasonality (higher acquisitions are made in June in preparation for the autumn campaign). For further details, refer to note 8.ii.1 Commodities price risk.

The balance of inventories loss allowance as at 30 June 2023 amounts to RON 12,041 thousand (31 December 2022: RON 5,343 thousand). During the six-month period ended 30 June 2023 an expense for inventories carried at net realisable value amounting to RON 5,110 thousand (six-month period ended 30 June 2022: RON 0) was recognised. This expense is presented in cost of sales (refer to note 6).

16 INTANGIBLES ASSETS

Intangibles of the Group are represented mainly by software licences acquired and by internally generated software. The reconciliation of the carrying amount of each significant class of intangibles is presented below:

	Software licences	Internally generated software	Software in progress	Total
Gross book value	33,414	11,070	223	44,707
Accumulated amortisation	(14,950)	(1,835)	-	(16,785)
Net book value at 1 January	**18,464**	**9,235**	**223**	**27,922**
Additions	6,477	204	358	7,039
Amortisation charge	(2,605)	(1,229)	-	(3,834)
Net book value at 30 June	**22,336**	**8,210**	**581**	**31,127**
Gross book value	39,891	11,275	581	51,747
Accumulated amortisation	(17,555)	(3,065)	-	(20,620)

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

Comparative information for 2022 is included below:

	Software licences	Internally generated software	Software in progress	Total
Gross book value	22,066	7,690	462	30,218
Accumulated amortisation	(11,748)	(214)	-	(11,962)
Net book value at 1 January	**10,318**	**7,476**	**462**	**18,256**
Additions	11,348	3,140	-	14,488
Transfers	-	239	(239)	-
Amortisation charge	(3,202)	(1,620)	-	(4,822)
Net book value at 31 December	**18,464**	**9,235**	**223**	**27,922**
Gross book value	33,414	11,070	223	44,707
Accumulated amortisation	(14,950)	(1,835)	-	(16,785)

Main additions are represented by the implementation of SAP 4Hana and Loan Origination Systems in Agricover Credit. These systems are operational from the first half of 2023.

In November 2021 the Group launched an online platform with the aim of providing its customers, through digital technologies, access to innovations within the industry. The platform facilitates sale of software as a service to the Group's existing and new customers. It also integrates self-care type modules where the farmer can manage its commercial and financing relationships with the Agribusiness and, respectively, Agrifinance divisions of the Group.

17 CONTRACT LIABILITIES

	30 June 2023	31 December 2022
Advances from customers	5,766	21,652
Deferred revenues	591	1,730
Total	**6,357**	**23,382**

Considering the seasonality of the agricultural sector, at 31 December 2022, farmers have chosen to secure their purchases, mainly of crop nutrition products, by placing firm orders guaranteed by advance payments.

(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 Group's financial performance, its risk management or to individual line items in the condensed consolidated interim financial statements.

18 RELATED PARTIES TRANSACTIONS

Significant related party transactions of the Group were conducted on terms judged by management to be equivalent to those prevailing in an arm's length transaction. The Group 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 condensed consolidated interim financial statements
Parent of the Group	Entity that controls the Group	The Company is controlled by Mr. Kanani Jabbar.
Subsidiaries	Entities controlled by the Company (refer to Note 1)	The intragroup transactions and outstanding balances are eliminated, they do not form part of the condensed consolidated interim financial statements; consequently, such related party transactions and outstanding balances between group members are not disclosed under IAS 24 in the condensed consolidated interim financial statements.
Associates	Entity over which the Company has significant influence	There are no significant transaction between the Group and its associates.
Joint ventures	Joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement	Not relevant for the condensed consolidated interim financial statements as the Group has no joint arrangements outstanding.
Key management	Persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries,	There are no significant transactions between the Group 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	The significant transactions with other related parties are disclosed below in this note.

Ultimate beneficial owner

The ultimate beneficial owner of the Group is Mr. Kanani Jabbar, who owns 87.113% of the share capital of the Company (31 December 2022: 87.269%). EBRD is the other main shareholder of the Company, owning 12.704% of its share capital (31 December 2022: 12.727%).

Key management compensation

During six-month period ended 30 June 2023 the expense recognised for compensation granted to key management personnel amounts to RON 9,908 thousand (six-month period ended 30 June 2022: RON 8,835 thousand). It represents short term benefits, including monthly salaries and performace bonuses, and share-based compensation. There are no other types of benefits granted by the Group to key management.

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

Share Option Plan

A multi-annual Share Option Plan (“the SOP”) was approved by the shareholders of the Company at their 2022 annual general meeting and implemented by the management thereafter. The main characteristics of the SOP are those presented in the Group’s last annual consolidated financial statements.

Set out below are details regarding the number of options granted, exercised or expired under the SOP during the six-month period ended 30 June 2023 and, respectively 31 December 2022:

	2023	**2022**
1 January	7,488,122	**-**
Granted during the period	18,271,590	7,488,122
Exercised during the period	(3,389,216)	-
Expired during the period	(278,912)	-
30 June/ 31 December	**22,091,584**	**7,488,122**

The performance conditions are only considered in determining the number of instruments that will ultimately vest and have no impact on the value of the options granted. The weighted average fair value of shares granted during the period was 0.433 RON/share (2022: 0.751 RON/share). The fair value as at 30 June 2023 was 0.317 RON/share, (30 June 2022: 0.872 RON/share).

All options outstanding as at 30 June 2023 are unvested and have an exercise price of 0.1RON/share. The weighted average remaining contractual life of options outstanding is 1.43 years.

Transactions with related parties

The following transactions were carried out with related parties during six-month periods ended 30 June 2023 and 30 June 2022:

	30 June 2023	**30 June 2022**
Sales to other related parties:	**6,169**	**7,175**
Sale of services	568	693
Sale of goods	5,601	6,482
Acquisitions from other related parties:	**31,634**	**47,823**
Purchase of services	84	-
Purchase of goods	31,550	47,823

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

Outstanding balances arising from transactions with related parties

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

	Note	30 June 2023	31 December 2022
Receivables from other related parties:		**35,988**	**29,410**
Trade and other receivables	10	25,777	24,385
Finance lease receivable		532	836
Loans and advances to customers		9,679	4,189
Payables to other related parties:		**54,221**	**54,667**
Trade and other payables	13	48,159	47,379
Dividends payable	13	6,062	7,288
Commitments to other related parties			
Letters of guarantees issued	20	4,000	4,000

19 ASSETS PLEDGED AS SECURITY

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

	30 June 2023	31 December 2022
Current assets	**2,308,659**	**2,060,013**
Loans and advances to customers	1,861,493	1,680,039
Trade and other receivables	337,369	212,904
Inventories	109,797	167,070
Non-current assets	**213,972**	**340,822**
Loans and advances to customers	213,972	340,822

Pledges on inventories are periodically renewed to include the value of all inventories as at each specific renewal date. In the table above the Group 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 Group's access to such inventories or its right to sell pledged inventories in the normal course of the business.

20 COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

Letters of credit and guarantees (including standby letters of credit) commit the Group 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 30 June 2023, the Group has issued guarantee letters with expiry period within 1 year with a total nominal value of RON 4,000 thousand (31 December 2022: RON 4,000 thousand).

Revocable commitments

To meet the financial needs of customers, the Group enters into various revocable commitments to lend and similar contingent liabilities. Even though these obligations may not be recognised on the condensed consolidated statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Group (qualitative and quantitative details regarding risk management practices of the Group are detailed in note 8.i).

Irevocable commitments

Except for the credit card related limits detailed below, the Group does not grant irrevocable commitments. Under uncommitted credit lines it is the Group's policy to approve any withdrawals, based on an analysis of the applicant, including of developments after the initial approval of the limit. The analysis done by the Group for withdrawal purposes is more simplified in extent and nature as compared to the initial granting moment of the credit line. As at 30 June 2023 the undrawn balance of the credit lines granted by the Group amounts to 361 million RON (31 December 2022: 381 miilion RON).

The Group designed for and offers to farmers a new product range consisting of loans with a Mastercard credit card attached, addressed to legal entities active in the agricultural sector. As at 30 June 2023 total irrevocable commitments under the credit cards amounted to 148 million RON (31 December 2022: 123 million RON), of which 67 million RON (31 December 2022: 36 million RON) were utilised.

Contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its general operations. As a result, it is involved in various litigations and legal proceedings arising in the ordinary course of the its business. Management of the Group considers that these litigations and legal and other proceedings will not have a significant impact on the operations or on the financial position of the Group.

21 EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period.

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Independent Auditors' Report on Review of Condensed Interim Financial Statements

(free translation[1])

To the Shareholders,

Agricover Distribution S.A.

Introduction

We have reviewed the accompanying condensed statement of financial position of Agricover Distribution S.A. ("the Company") as at 30 June 2023, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial statements ("the condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on these the condensed interim financial statements based on our review.

The condensed interim financial statements have been digitally signed with a qualified electronic signature on 18 August 2023 by Stefan Doru Bucataru, permanent representative of Veldster INC in his capacity of Administrator of the Company at hour: 9, min: 48, sec: 11 and by Daniela Dumitrache in her capacity of Chief Financial Officer of the Company at hour: 9, min: 17, sec: 35.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently AR

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

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

does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the six-month period ended 30 June 2023 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

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

Refer to the original signed Romanian version	**Refer to the original signed Romanian version**
ALEXANDRU DANIEL RUSU	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF181/262/23	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 21 August 2023

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Rusu Alexandru Daniel
Registrul Public Electronic: AF181/262/23

Autoritatea Pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: KPMG AUDIT S.R.L.
Registru Public Electronic: FA9

AGRICOVER DISTRIBUTION SA

CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED
30 June 2023

Prepared in accordance with IAS 34 Interim Financial Reporting

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

Contents

Condensed Statement of Financial Position as at

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

	Notes	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment		10,258	9,514
Right of use assets		13,245	11,929
Intangible assets		3,547	4,109
Trade receivables	9	49,232	1,568
Other non-current receivables	9	1,844	1,793
Deferred income tax assets	6	9,894	6,450
Lease receivable		1,074	1,312
		89,094	**36,675**
Current assets			
Inventories	14	109,797	167,070
Trade and other receivables	9	1,020,073	511,964
Lease receivable		822	1,031
Current income tax receivable		1,258	-
Other current assets		18,591	20,691
Cash and cash equivalents		1,333	2,291
		1,151,874	**703,047**
Total assets		**1,240,968**	**739,722**
EQUITY AND LIABILITIES			
Equity			
Share capital		10,464	10,464
Revaluation reserves		1,032	1,033
Other reserves		9,374	9,013
Retained earnings		50,233	109,749
Total equity		**71,103**	**130,259**
Non-current liabilities			
Lease liabilities		7,977	7,576
Trade payables	11	8,934	-
		16,911	**7,576**
Current liabilities			
Trade and other payables	11	787,665	393,287
Borrowings	10	352,015	177,432
Contract liabilities	12	6,357	23,382
Lease liabilities		6,917	6,347
Current income tax liability	6	-	1,439
		1,152,954	**601,887**
Total liabilities		**1,169,865**	**609,463**
Total equity and liabilities		**1,240,968**	**739,722**

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

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

	Notes	2023	2022
Revenue	3	1,058,396	1,329,494
Cost of sales	5	(1,071,590)	(1,264,769)
Net credit losses on trade receivables		(4,872)	(3,944)
Gross profit/ (loss)		**(18,066)**	**60,781**
Administrative expenses	5	(19,047)	(15,298)
Other operating income		925	2,379
Other operating expenses		(97)	(248)
Operating profit/(loss)		**(36,285)**	**47,614**
Finance income		6,598	4,439
Finance costs	4	(9,172)	(12,443)
Net finance cost		**(2,574)**	**(8,004)**
Profit/(Loss) before tax		**(38,859)**	**39,610**
Income tax (expense)/revenue	6	3,359	(9,766)
Profit/(Loss) for the period		**(35,500)**	**29,844**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**(35,500)**	**29,844**

Approved for issue and signed on behalf of the Board of Directors on 18 August 2023.

Ștefan Doru Bucataru permanent representative of Veldster INC	Daniela Dumitrache
Administrator	Chief Financial Officer

Condensed Statement of Changes in Equity

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

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
As at 1 January 2023	**10,464**	**1,033**	**9,013**	**109,749**	**130,259**
Loss for the period	-	-	-	(35,500)	(35,500)
Total comprehensive result for the period	**-**	**-**	**-**	**(35,500)**	**(35,500)**
Dividends distribution	-	-	-	(24,016)	(24,016)
Share option plan (note 15)	-	-	361	-	361
Other changes in equity	-	(1)	-	-	(1)
Total transactions with owners in their capacity as owners	**-**	**(1)**	**361**	**(24,016)**	**(23,656)**
Balance at 30 June 2023	**10,464**	**1,032**	**9,374**	**50,233**	**71,103**

	Share capital	Revaluation reserves	Other reserves	Retained earnings	Total Equity
at 1 January 2022	**10,464**	**994**	**7,112**	**113,845**	**132,415**
Profit for the period	-	-	-	29,844	29,844
Total comprehensive result for the period	**-**	**-**	**-**	**29,844**	**29,844**
Dividends distribution	-	-	-	(21,928)	(21,928)
Share option plan (note 15)	**-**	**-**	264	-	264
Total transactions with owners in their capacity as owners	**-**	**-**	**264**	**(21,928)**	**(21,664)**
Balance at 30 June 2022	**10,464**	**994**	**7,376**	**121,761**	**140,595**

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

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

	Notes	2023	2022
Cash flows from operating activities			
Profit/ (Loss) for the period		(35,500)	29,844
Depreciation and amortization		5,072	3,665
Unrealized net foreign exchange differences		1,527	2,741
Net credit losses on trade receivables		4,872	3,944
Write-down and losses of inventories		6,720	1,653
(Gain)/Loss from the sale of tangible assets		17	(4)
Income tax expense/ (revenue)		(3,359)	9,766
Interest income		(6,598)	(4,439)
Factoring expense		536	5,280
Interest expense		7,963	3,870
Other non-monetary adjustments		362	264
Operating profit/(loss) before changes in working capital		**(18,388)**	**56,584**
Changes in working capital			
Increase in trade and other receivables	9	(554,409)	(485,840)
(Increase)/ Decrease in inventories	14	50,554	(171,419)
Increase in trade and other payables	11	371,272	417,436
Cash used in operations		**(150,971)**	**(183,239)**
Interest paid		(7,963)	(3,875)
Interest received		1,070	31
Factoring expenses paid		(1,759)	(6,269)
Income tax paid		(2,781)	(5,765)
Net cash used in operating activities		**(162,404)**	**(199,117)**
Cash flows from investing activities			
Payments for acquisitions of property, plant and equipment and intangible assets		(2,091)	(5,020)
Proceeds from sale of property, plant and equipment		2	5
Receipts from lease receivable		493	657
Cash used in investing activities		**(1,596)**	**(4,358)**
Cash flows from financing activities			
Proceeds from borrowings		175,626	209,187
Repayment of borrowings		(1,565)	-
Payments for the reduction of the lease liabilities		(3,573)	(3,181)
Dividends paid		(7,446)	(551)
Cash generated from financing activities		**163,042**	**205,455**
Cash and cash equivalents at the beginning of the period		**2,291**	**447**
Increase/(Decrease) in cash and cash equivalents		**(958)**	**1,980**
Cash and cash equivalents at the end of the period		**1,333**	**2,427**

Notes to the Condensed Interim Financial Statements
General Information and Basis of Preparation

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

This section includes general information about the Company and its structure as well as material accounting policy information that relate to the financial statements as a whole.

1 GENERAL INFORMATION

Agricover Distribution SA ("the Company", formerly named Agricover SA) is a Romanian company established in the year 2000, specialised in the distribution of advanced technological solutions (i.e. crop protection products, crop nutrition products, seeds 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 condensed interim financial statements as at and for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2022 ('last annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS, as adopted by EU. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These interim financial statements were authorized for issue by the Company's board of directors on 18 August 2023.

Historical cost convention

These condensed interim 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 accounting policies applied are consistent with those of the previous financial year. The preparation of interim financial statements in accordance with IAS 34 Interim Financial Reporting requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant to the interim financial statements, are disclosed in the relevant Notes to these condensed interim financial statements if significantly changed during the interim period as compared to the last annual financial statements.

Standards and amendments applicable for periods starting January 1st, 2023

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

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.

IFRS 17 'Insurance Contracts'

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts by an insurer and supersedes IFRS 4 Insurance Contracts. The Company does not have signed agreements that fall within the scope of the IFRS 17 standard.

New IFRS standards effective for annual periods beginning on and after January 1st, 2024, not early adopted by the Company

A number of amended standards are required to be applied for annual periods beginning on and after January 1st, 2024, and that are available for early adoption in periods beginning on January 1st, 2023.

The Company has not early adopted any of the forthcoming new amended standards in preparing these condensed interim financial statements.

New or amended standards effective for periods beginning on or after January 1st 2024 are those presented in the Company's last annual 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

To fund its working capital needs, the Company has long standing relationships with some of the largest credit institutions active on the Romanian market. While most of the funding attracted is RON denominated, the Company has access to multicurrency facilities which allows to actively manage currency exposures on trade payables. Currently, all ongoing funding contracts agreed by the Company are short term, including unconditional early call options in favour of the lender. This enables to manage financing costs, while the Company's strong history and relationships developed with its business partners ensure continued access to funds required to cover its working capital needs. Thereby, the Company concluded that exercising such options is highly unlikely.

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.

(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 accounting policy information, significant judgements and estimates made in relation to particular items with significant impact on the financial performance are the ones disclosed in the Company's last annual financial statements.

3 REVENUE

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

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

	30 June 2023	30 June 2022
Revenue from goods sold		
Crop protection products	335,702	313,337
Fuel	213,672	281,984
Crop nutrition products	317,819	564,032
Seeds	179,359	157,973
	1,046,552	**1,317,326**
Other revenue	11,844	12,168
Total	**1,058,396**	**1,329,494**

Revenue from sales with normal delivery is recognised when control of goods sold has transferred to the buyer, being when the goods are delivered.

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 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:

	30 June 2023	30 June 2022
Crop protection products	41,991	55,858
Crop nutrition products	4,100	4,102
	46,091	**59,960**

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

4 FINANCE EXPENSES

Significant components of finance expenses as included in the profit or loss for six months period ending 30 June 2023 and 30 June 2022 are presented below:

	30 June 2023	30 June 2022
Interest Expense	(7,963)	(3,870)
Net foreign exchange losses	(664)	(3,276)
Factoring expense	(536)	(5,280)
Other finance expense	(9)	(17)
Finance Expense	**(9,172)**	**(12,443)**

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.

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

	30 June 2023	30 June 2022
Merchandise	(1,018,439)	(1,221,992)
Transportation expenses	(11,331)	(11,690)
Employees costs	(32,748)	(25,803)
Third party services	(6,198)	(6,275)
Software expenses	(1,056)	(927)
Maintenance expense	(2,142)	(2,185)
Consumable expense	(2,236)	(1,882)
Protocol and publicity expenses	(2,452)	(2,265)
Depreciation	(5,072)	(3,665)
Write-down and losses of inventories	(6,720)	(1,653)
Other	(2,243)	(1,730)
Total, *of which*	**(1,090,637)**	**(1,280,067)**
Cost of sales	(1,071,590)	(1,264,769)
Administrative expenses	(19,047)	(15,298)

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

6 CURRENT AND DEFERRED INCOME TAX

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

Significant components of the income tax expense/revenue are presented below:

	30.06.2023	30.06.2022
Current tax expense	(85)	(8,205)
Deferred tax (expense)/revenue	3,444	(1,561)
Income tax (expense)/revenue	**3,359**	**(9,766)**

Significant components of deferred tax assets and liabilities as at 31 December 2022, including their movements during the year then ended, are presented below:

	1 January 2023			30 June 2023	
	Deferred tax assets	Deferred tax liabilities	(Charged)/ Credited to profit or loss	Deferred tax assets	Deferred tax liabilities
Expected credit losses	3,598	-	(289)	3,309	-
Cumulated fiscal loss	-	-	1,336	1,336	-
Other timing differences	2,852	-	2,397	5,249	-
	6,450	**-**	**3,444**	**9,894**	**-**

As at 30 June 2023 the Company had cummulated fiscal losses of thousand 8,353 RON (31 December 2022: nil RON) for which the Company recognised a deferred tax asset amounting thousand 1,336 RON. According to the tax regulations in place, the fiscal loss is recovered from the taxable profits obtained in the next 7 consecutive years. The company estimates that the taxable profit from the following period will be sufficient and available to cover the accumulated and unused fiscal losses as at 30 June 2023.

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. The Company's aim is to support its 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 this in mind, the Company has perfected a business model which follows the seasonality of the agricultural year. The Company negotiates with its clients payment terms that match their operating cycle.

In this context the trade receivables peak in June and are collected in the second part of the financial year (as main crops are harvested and sold). Trade receivables are financed through similar agreements with suppliers (trade payables are also peaking around this period) and, where not possible or more costly for the Company, through bank loans (which follow the same seasonality).

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 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. 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 the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. Where relevant, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

On that basis, the expected credit losses (ECL) as at 30 June 2023 were determined as follows for trade receivables:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.47%	2.15%	10.67%	8.57%	28.83%	79.01%	98.86%	
Trade receivables	1,005,690	23,484	4,643	3,199	14,598	16,598	9,446	1,077,658
ECL	4,764	506	495	274	4,209	13,114	9,339	32,701

Comparative information as at 31 December 2022 is included below:

DPD	Not due	1-30	31-60	61-90	91-180	181-365	> 365	Total
ECL rate (%)	0.54%	4.89%	22.94%	41.33%	44.59%	62.32%	100%	
Trade receivables	454,286	11,493	19,582	15,048	7,102	570	10,192	518,273
ECL	2,454	562	4,491	6,219	3,167	355	10,192	27,440

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

The Company is exposed to both deflationary and inflationary commodity price risk. Commodity price rallies during 2021 and 2022 led to the Company's increase in net debt, trade receivables, and inventories, among others.

Inflation

The common factors driving up inflation during 2022 were soaring fuel and food costs, both significant to the agriculture sector and together accounting on average for more than half of the inflation in 2022 across Europe. Prices for many consumer goods were trending up at the start of 2022 because of COVID-19's lingering impact on supply chains. Russia's invasion of Ukraine in February 2022 proved even more disruptive. In this context, central banks throughout the rich world imposed, and continue to do so, sharp monetary tightening measures.

Currently, although lower in 2023, the inflation remains far above central banks' 2% targets. The euro area annual inflation rate was 5.5% in June 2023, down from 6.1% in May. An year earlier, the rate was 8.6%. European Union annual inflation was 6.4% in June 2023, down from 7.1% in May. An year earlier, the rate was 9.6%. In Romania the inflation in June 2023 decreased to 10.3%, marginally lower than 10.6% as at May 2023.

Oil and gas

Even before Ukraine being invaded by Russia (who used to provide close to 40% of Europe's gas), European gas prices have soared. After Russia announced it would cut off gas to the Nord Stream 1 pipeline in August 2022, the benchmark TTF price soared above €300 per MWH, 13 times the average in 2018 to 2021. Since January 2023, however, things have been different. Brent crude, the global oil benchmark, has hovered around $75 a barrel, compared with $120 a year ago. In Europe, gas prices, at €35 per MWH, are 88% below their peak in August 2022.

However, even though prices have declined from their peaks, real gas and electricity costs remain well above their historical averages (e.g., as recently as 2021 the price of gas was below €20 per MWH). Moreover, prices could well rise later in the year. Many analysts expect Brent crude to stay close to $80 a barrel and not to reach triple digits. Gas futures markets in Europe and Asia point to a 30% rise from their June levels by the autumn, rather than anything more extreme. S&P Global June projections expected prices to return to pre-2022 levels reaching around 26 EUR per MWH in Q3 2023 before rising again from Q4 2023 due to the increased winter demand.

Crop nutrition

Reduced energy inflation and natural gas prices decreasing to pre-2022 levels, albeit remaining above pre-COVID levels, contribute to reduced pressure on the EU crop nutrition market, although uncertainties remain.

A very high level of imports of nitrogen fertilisers in the second semester of 2022 and the first months of 2023 compensated for a closure of a significant part of the EU ammonia production capacity in 2022. This was also favoured by the suspension of most-favoured-nation duties on ammonia and urea between December 2022 and June 2023. Furthermore, declining natural gas prices allows EU domestic ammonia plants to gradually restart. While imports are decreasing, this should result in a large availability of nitrogen products on the EU markets and is expected to further ease some pressure on agricultural input costs in 2023.

For phosphorus (P) and potassium (K) fertilisers however, the slower pace of imports led to a lower decrease of prices than for nitrogen fertilisers.

Grains

After Russia blockaded Ukraine's Black Sea ports following its invasion last year, the EU lifted tariff s on the country's agricultural exports and created trade routes for the transport of such goods through Bulgaria, Poland and Romania. But these "solidarity lanes" have not worked as planned. Due to logistical bottlenecks, much of the produce destined for Africa and the Middle East has piled up in eastern Europe, leading to a glut of maize, wheat, and sunflower seeds. This has pushed down local prices.

Measures facilitating trade with Ukraine continued, but temporary safeguards were adopted to alleviate pressure observed in frontline EU countries. Moreover, EU agriculture ministers have agreed to provide farmers in the impacted countries with financial assistance.

In this context, the declining trend of EU farmer's price index (calculated and published by the European Union) observed since October 2022 has been sustained. In May 2023, it was almost 15 points below its peak. These developments are supported mainly by further reduction of arable crops prices. Since January 2023, the price drops range from -19% in case of maize to -22% for wheat.

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

At global level, the FAO Cereal Price Index averaged 126.6 points in June 2023, down 2.7 points (2.1 percent) from May 2023 and as much as 39.7 points (23.9 percent) below its value a year ago. The month-on-month decline reflects a fall in the world prices of all major cereals, driven mostly by increased seasonal supplies, ample supplies in the Russian Federation, where the wheat export tax decreased in the month of June, and improved crop conditions in the United States of America.

Impact on our business

Supply chain disruptions and heightened availability risk during 2022 contributed to increased level of crop protection products and crop nutrition products inventories as at December 2022. Price drops during 2023 generated crop nutrition inventories related losses of about 35 million RON. Another 12 million RON losses were incurred due to glyphosate (crop protection product) price drops. We do not expect similar significant losses during the second half of 2023 as substantially all crop nutrition and glyphosate inventories purchases in 2022 were sold or depreciated to net realisable value by the date of these condensed interim financial statements.

We continually monitor commodity market price movements and stock holding levels taking necessary corrective actions to minimise risks, particularly where downward market price movements could have a negative impact on balance sheet assets values. Our objective is to not hold inventories higher than two months' worth of sales – however our business is highly seasonal, different product categories as applied in different parts of the agricultural seasons have a wide range of costs, which might result in seasonal variation both in the value and mix of our inventories (refer to Note 14 for details on the Company's crop nutrition products and crop protection products inventory levels).

Given the high correlation which continues to persist between the prices of agricultural inputs and outputs, the favourable weather conditions for autumn crops as well as EU assistance granted to farmers impacted by higher Ukraine imports, we do not expect commodities prices shifts observed during 2023 to significantly impact our cost of risk or credit risk.

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:

	30 June 2023		**31 December 2022**	
	EUR	**USD**	**EUR**	**USD**
Assets				
Cash and bank balances	19	50	13	7
Trade and other receivables	181	-	61	953
Total assets	**200**	**50**	**74**	**960**

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

	30 June 2023		31 December 2022	
	EUR	**USD**	**EUR**	**USD**
Liabilities				
Borrowings	131,464	29,363	46,642	24,956
Trade and other payables	55,548	10,702	39,898	27,174
Total Liabilities	**187,012**	**40,065**	**86,540**	**52,130**
Derivative financial instruments (notional)				**5,881**
Net financial position (liability)	**(186,812)**	**(40,015)**	**(86,466)**	**(45,289)**

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in EUR/USD 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.

	30 June 2023	**30 June 2022**
	EUR strengthening by 1.7%	*EUR strengthening by 3%*
Loss before tax of:	(3,176)	(2,722)
Equity	(2,668)	(2,286)

	30 June 2023	**30 June 2022**
	USD weakening by 6.5%	*USD weakening by 4%*
Gain before tax of:	2,601	2,595
Equity	2,185	2,180

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 30 June 2023 are floating rate.

The Company’s borrowings and receivables are carried at amortised cost.

The following table provides an analysis of the Company’s interest rate risk exposure on financial assets and liabilities. The Company’s assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

As at 30 June 2023

Asset / liability class	**up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 year and above**	**Total**
Other non-current receivables	-	-	-	1,844	1,844
Trade and other receivables	405,860	222,482	391,731	49,232	1,069,305
Lease receivable	90	172	560	1,074	1,896
Cash and cash equivalents	1,333	-	-	-	1,333
Total financial assets	**407,283**	**222,654**	**392,291**	**52,150**	**1,074,378**

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

Asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Bank borrowings	49,799	99,596	202,620	-	352,015
Lease liabilities	657	1,221	5,039	7,977	14,894
Trade and other payables	180,610	159,712	447,343	8,934	796,599
Total financial liabilities	**231,066**	**260,529**	**655,002**	**16,911**	**1,163,508**
Interest repricing gap	**176,217**	**(37,875)**	**(262,711)**	**35,239**	**(89,130)**

Comparative information as at 31 December 2022 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	-	-	-	1,793	1,793
Trade and other receivables	54,519	26,171	431,274	1,568	513,532
Lease receivable	88	177	766	1,312	2,343
Cash and cash equivalents	2,291	-	-	-	2,291
Total financial assets	**56,898**	**26,348**	**432,040**	**4,673**	**519,959**
Bank borrowings	50,943	46,203	80,286	-	177,432
Lease liabilities	563	1,172	4,612	7,576	13,923
Trade and other payables	131,740	40,515	221,032	-	393,287
Total financial liabilities	**183,246**	**87,890**	**305,930**	**7,576**	**584,642**
Interest repricing gap	**(126,348)**	**(61,542)**	**126,110**	**(2,903)**	**(64,683)**

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 liabilities outstanding at the reporting date.

	30 June 2023 **Interest lower by 3.7%**	**30 June 2022** **Interest higher by 1%**
Gain/ (Loss) before tax of:	287	(763)
Equity	241	(641)

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

This section includes information about the capital management practices within the Company.

8 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 65% 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 as well as their fair values. Accounting policies for recognising and measuring financial instruments are the ones disclosed in the Company's last annual financial statements.

9 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).

Trade receivables with due date less than 1 year 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.

Trade receivables with due date grater than 1 year include a financing component. The Company adjusted the promised amount of consideration receivable for the effects of the time value of money.

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.

	30 June 2023	31 December 2022
Trade receivables	1,500,573	742,606
Expected commercial discounts	(422,915)	(224,333)
Trade receivables, net of expected commercial discounts	**1,077,658**	**518,273**
Less: allowance for trade receivables	(32,701)	(27,440)
Trade receivables – net	**1,044,957**	**490,833**
Receivables from related parties (note 15)	23,541	21,672
Other receivables	2,658	3,459
Total other receivables	**26,199**	**25,131**
Less: allowance for other receivables	(7)	(639)
Total other receivables	**26,192**	**24,492**
Total, *of which:*	**1,071,149**	**515,325**
Current portion	1,020,073	511,964
Non-current portion, *of which:*	51,076	3,361
Trade receivables	49,232	1,568
Receivables from related parties	1,844	1,793

Receivables from related parties classified as at 30 June 2023 and as at 31 December 2022 as non-current assets 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.

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

10 BORROWINGS

	30 June 2023	31 December 2022
Current		
Local bank borrowings	352,015	177,432
Total current borrowings	**352,015**	**177,432**
Total borrowings	**352,015**	**177,432**

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.

11 TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
Trade payables	775,123	348,193
Expected discounts	(95,464)	(47,182)
Trade payables, net of expected commercial discounts	**679,659**	**301,011**
Payables to related parties (note 15)	48,550	44,901
Refund liability	10,114	11,654
Dividends payable	35,093	18,523
Salaries and related taxes	14,018	14,654
Fixed assets suppliers	23	41
Derivative liabilities held for risk management	-	14
Total other payables	**107,798**	**89,787**
Total	**787,457**	**390,798**
Other non-financial liabilities		
VAT payable	8,959	2,255
Other current liabilities	183	234
	9,142	**2,489**
Total trade and other payables, *of which:*	**796,599**	**393,287**
Current portion	787,665	393,287
Non-current portion*:*	8,934	**-**

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.

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

12 CONTRACT LIABILITIES

	30 June 2023	31 December 2022
Advances from customers	5,766	21,652
Deferred revenues	591	1,730
Total	**6,357**	**23,382**

Considering the seasonality of the agricultural sector, at 31 December 2022, in order to reduce price and availability risk, farmers have chosen to secure their purchases by placing firm orders guaranteed by advance payments.

13 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 Company'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 average between the interest rate offered for farmers by the market and NBR interest rate for loans from 1 year up to 5 years, is classified in level 3 of the fair value hierarchy, and is presented below:

	30 June 2023		31 December 2022	
	Level 3	Total	Level 3	Total
Carrying value	51,077	51,077	3,360	3,360
Fair value	50,816	50,816	3,073	3,073

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.

14 INVENTORIES

	30 June 2023	31 December 2022
Seeds	-	1,738
Crop nutrition products	10,017	83,489
Crop protection products	98,151	80,671
Total carrying amount of goods purchased for resale	**108,169**	**165,898**
Packaging, spare parts and other consumables	1,628	1,172
Total	**109,797**	**167,070**

Higher inventories of crop nutrition products and crop protection products as at 31 december 2022 were driven by the turmoil and shortages on these markets during the 2022 calendar year. In this context the Company decided to secure inventories needed to meet the local demand for the 2022 autumn campaign. As supply chains are back to normal in 2023, inventories of crop nutrition products decreased. Inventories of crop protection products stayed high, driven by seasonality (higher acquisitions are made in June in prepration for the autumn campaign). For further details, refer to note 7.ii.1 Commodities price risk.

The balance of inventories loss allowance as at 30 June 2023 amounts to thousand 12,041 RON (31 December 2022: thousand 5,343 RON). During the period of six months ended 30 June 2023 an expense for inventories carried at net realisable value amounting to thousand RON 5,110 was recognised (30 June 2022: nil). This is recognised in cost of sales, part of Write-down and losses of inventories.

(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.

15 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 company	entity that controls the Company	the main shareholder of the Company is Agricover Holding SA.
Key management personnel	persons having authority and responsibility for planning, directing and controlling the activities of the Company	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 2022: 87,269%).

Key management compensation

During six-month period ended 30 June 2023 compensation granted to key management personnel amounts to thousand RON 2,618 (30 June 2022: thousand RON 2,227). It represents short term benefits, including monthly salaries, performace bonuses and share based payments. There are no other types of benefits or commitments granted by the Company to key management.

Share-based payments

A multi-annual Share Option Plan ("the SOP") was approved by the shareholders of the Parent at their 2022 annual general meeting and implemented by the management thereafter. The main characteristics of the SOP are those presented in the Company's last annual financial statements.

Set out below are details regarding the number of options granted, exercised or expired under the SOP during the 6 month period ended 30 June 2023 and, respectively 30 June 2022:

Notes to the Condensed Interim Financial Statements
Other information

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

	6 months ending 30 June 2023	6 months ending 30 June 2022
Beginning of period	3,531,431	**-**
Granted during the period	8,821,508	3,531,431
Exercised during the period	(1,668,246)	-
Expired during the period	(32,889)	-
End of period	**(10,651,804)**	**3,531,431**

The performance conditions are only considered in determining the number of instruments that will ultimately vest and have no impact on the value of the options granted. The weighted average fair value of shares granted during the period was 0.433 RON/share (2022: 0.751 RON/share). The fair value as at 30 June 2023 was 0.317 RON/share, (30 June 2022: 0.872 RON/share).

All options outstanding as at 30 June 2023 are unvested and have an exercise price of 0.1RON/share. Weighted average remaining contractual life of options outstanding is 1.45 years.

Transactions with related parties

The following transactions were carried out with related parties during six-month periods ended 30 June 2023 and 30 June 2022:

	30 June 2023	30 June 2022
Sales to other related parties:	**5,601**	**6,482**
Sale of goods	5,601	6,482
Rent revenue from other related parties	968	749
Other revenue	-	53
Acquisitions from other related parties:	**31,640**	**47,861**
Purchase of services	90	98
Purchase of goods	31,550	47,763
Financial expenses with other related parties	536	5,280

During 6 month period ending 30 June 2023 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 194 (30 June 2022: thousand RON 799).

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 2,497 up to 30 June 2023 (30 June 2022 : thousand RON 2,360).

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

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:

	30 June 2023	**31 December 2022**
Receivables from other related parties:		
Trade and other receivables	25,437	24,015
Payables to related parties:		
Trade and other payables	83,643	60,594

16 EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period.

KPMG Audit SRL
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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

(free translation[1])

To the Shareholders,

Agricover Credit IFN S.A.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agricover Credit IFN S.A. ("the Company") as at 30 June 2023, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

The condensed consolidated interim financial statements in Romanian language have been signed with a qualified electronic signature by Stefan Doru Bucataru, permanent representative of Veldster INC, in his capacity of Administrator and by Denisa Manoliu in her capacity of Chief Financial Officer of the Company on 10 August 2023, hour: 16:38:12 and hour: 16:32:06, respectively.

Scope of Review

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

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and refers to the Romanian version of the financial statements which was subject to our audit.

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

significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying the condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

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

Refer to the original signed Romanian version	**Refer to the original signed Romanian version**
RUBELI IRINA	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF4092	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 10 August 2023

AGRICOVER CREDIT IFN SA

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2023

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

Contents

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

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

	Note	2023	2022
Interest income		204,495	125,119
Interest and similar expenses		(99,815)	(54,947)
Net interest income	3	**104,680**	**70,172**
Net credit losses	4,8	(15,581)	(10,399)
Net interest income after credit losses		**89,099**	**59,773**
Fee and commission income		5,979	7,035
Fee and commission expense		(2)	(180)
Net fee and commission income	5	**5,977**	**6,855**
Other operating income		423	407
General and administrative expenses	6	(32,662)	(28,657)
Other operating expenses		(3,072)	(1,658)
Net gain/(loss) from derivative financial instruments		(2,790)	923
Net foreign exchange translation result		483	(45)
Profit before taxes		**57,459**	**37,598**
Income tax expenses	7	(9,041)	(6,173)
Profit for the period		**48,417**	**31,426**
Other comprehensive income for the period			
Total Comprehensive income for the period		**48,417**	**31,426**
Profit attributable to:			
- Equity holders of the company		47,485	29,603
- Non controlling interest		932	1,823
Profit for the period		**48,417**	**31,426**
Total comprehensive income attributable to:			
- Equity holders of the company		47,485	29,603
- Non controlling interest		932	1,823
Total comprehensive income for the period		**48,417**	**31,426**

Condensed Consolidated Statement of Financial Position
as at

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

	Note	30 June 2023	31 December 2022
Assets			
Cash and cash equivalents		139,830	116,245
Loans and advances to customers	8	2,861,586	2,758,971
Other financial assets		1,282	2,844
Other assets		4,799	2,646
Current tax assets			497
Deferred tax assets		-	2,731
Intangible assets	14	17,764	13,183
Property, plant and equipment		10,059	8,775
Total Assets		**3,035,320**	**2,905,892**
Liabilities			
Derivative liabilities held for risk management	13	3,715	4,699
Borrowings	11	2,471,988	2,394,920
Other financial liabilities	12	23,052	23,555
Current tax liabilities		4,378	
Deferred tax liabilities		149	
Provision for off balance sheet commitment		1,220	718
Total Liabilities		**2,504,502**	**2,423,892**
Equity			
Share capital		137,925	137,925
Retained earnings		366,757	319,273
Legal and other reserves		23,214	22,813
		527,896	**480,011**
Non-controlling interests		2,922	1,990
Total equity		**530,819**	**482,000**
Total equity and liabilities		**3,035,320**	**2,905,892**

Approved for issue and signed on behalf of the Board of Directors on 10.08.2023.

Stefan Doru Bucataru permanent representative of Veldtster INC — Administrator

Denisa Manoliu — Chief Financial Officer

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

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

	Attributable to owners of Agricover Credit IFN SA						
	Share capital	Legal reserves	Other reserves	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
at 1 January 2023	**137,925**	**20,832**	**1,981**	**319,273**	**480,011**	**1,990**	**482,000**
Profit for the period				47,485	47,485	933	**48,417**
Total comprehensive income for the period				**47,485**	**47,485**	**933**	**48,417**
Share option plan (note 15)			401		**401**		**401**
Total transactions with owners in their capacity as owners			**401**		**401**		**401**
Balance at 30 June 2023	**117,925**	**20,832**	**2,381**	**366,758**	**527,896**	**2,922**	**530,819**

	Attributable to owners of Agricover Credit IFN SA						
	Share capital	Legal reserves	Other reserves	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
at 1 January 2022	**117,925**	**17,440**	**938**	**261,119**	**397,422**	**1,507**	**398,929**
Profit for the period				29,603	29,603	1,823	**31,426**
Total comprehensive income for the period				**29,603**	**29,603**	**1,823**	**31,426**
Share option plan (note 15)			298		**298**		**298**
Total transactions with owners in their capacity as owners			**298**		**298**		**298**
Balance at 30 June 2022	**117,925**	**17,440**	**1,237**	**290,722**	**427,323**	**3,330**	**430,653**

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

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

	Note	June 2023	June 2022
Operating activities			
Interest received		96,256	55,421
Interest paid		(95,668)	(52,931)
Brokerage fees cashed		5,445	6,337
Staff costs paid		(12,852)	(21,395)
Payments to suppliers		(24,104)	(11,573)
Derivative paid		(1,558)	(1,477)
Other receivables cashed / (payables settled)		2,928	(2,438)
Net disbursements of loans and advances to customers		(11,698)	(530,905)
Net cash flow used in operating activities before income tax		**(41,252)**	**(558,961)**
Income pax paid		(5,324)	(3,931)
Net cash flow used in operating activities		**(46,576)**	**(562,892)**
Investing activities			
Purchase of equipment and intangible assets		(6,409)	(4,869)
Net cash flow used in investing activities		**(6,409)**	**(4,869)**
Financing activities			
Withdrawals from borrowings		5,640,063	3,674,094
Repayment of borrowings		(5,563,410)	(3,068,931)
Net cash flows generated from financing activities		**76,652**	**605,163**
Exchange (losses) / gains on cash and cash equivalents		(82)	(270)
Net increase in cash and cash equivalents		**23,586**	**37,132**
Cash and cash equivalents at 1 January		116,245	90,699
Cash and cash equivalents at 30 June	**10**	**139,830**	**127,831**

This section includes general information about the Group and its structure as well as material accounting policy information that relate to the condensed consolidated interim 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 those applied in the Consolidated financial statements as at and for the period ended December 2022.

1 GENERAL INFORMATION

Agricover Credit IFN SA (hereinafter referred to as "the Company") provides lending services to agricultural customers and, through its Subsidiary Clubul Fermierilor Romani Broker de Asigurare SRL ("the Subsidiary "), brokerage services in the field of agricultural insurance intermediation. As at 30 June 2023 the Company owns 51% of the Subsidiary (31 December 2022: 51%).

Agricover Credit IFN SA Group (hereinafter referred to as „the Group" or "Agricover") comprises of Agricover Credit IFN SA and the Clubul Fermierilor Romani Broker de Asigurare SRL, set up by the Company during 2011. Agricover Credit IFN SA is the parent company of the Group and is subject to consolidation as a subsidiary of Agricover Holding SA Group.

The Company is a joint stock entity and is incorporated and domiciled in Romania, having its registered office at 1B Pipera Blvd, Voluntari, Ilfov, Romania. The Group's shareholders are AGRICOVER HOLDING SA (99.999998%) and AGRICOVER DISTRIBUTION SA (0.000002%). The ultimate controlling party of the Group is Mr. Jabbar Kanani.

The Group offers four main categories of products: short term credit lines for working capital, discounting operations (denominated in RON), medium- or long-term loans for financing investment projects (capex products denominated in RON or EUR), and medium- or long-term loans for working capital. These financing facilities are designed for farmers and have various tailored maturities which are usually correlated with the harvesting and sale of crops periods. Working capital is for the most part short term but another product with extended maturity of up to 10 years has been launched in March 2017. Discounting operations have maturities of maximum 12 months while most Capex products have 2 to 5 years maturities with two yearly annuity payments and bear floating interest rate (interest is either payable on a monthly basis or capitalized monthly and payable with the principal instalments – usually two instalments per year).

The Subsidiary's activity is represented by brokerage of insurance policies, including but not restricted to policies related to collaterals took over by the Company for granted loans and advances.

2 BASIS OF PREPARATION

Compliance statement

The condensed consolidated interim financial statements of the Group have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2022 ('last annual financial statements').

They do not include all the information required for a complete set of consolidated financial statements prepared in accordance with the International Financial Reporting Standard adopted by the European Union ("IFRS"). However, selected explanatory notes are included to explain the changes in the Group's financial position and performance as of the last annual financial statements.

Historical cost convention

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which are carried at fair value.

Consistent application of accounting policies

The material accounting policies information applied in these condensed consolidated interim financial statements are consistent with those of the previous financial year. The preparation of condensed consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, requires the use of judgements and estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant to the condensed consolidated interim financial statements, are disclosed in the relevant Notes to these condensed consolidated interim financial statements if changed significantly during the interim period as compared to the last annual financial statements. Such areas include:

- expected credit losses on loans and advances to customers – note 8;
- forward looking scenarios considered in the Group's calculation of expected credit losses on loans and advances to customers – note 8;

Standards and amendments newly applicable for periods starting January 1st, 2023

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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.

IFRS 17 'Insurance Contracts'

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts by an insurer and supersedes IFRS 4 Insurance Contracts.

New IFRS standards effective for annual periods beginning on and after January 1st, 2024, not early adopted by the Group

A number of amended standards are required to be applied for annual periods beginning on and after January 1st, 2024, and that are available for early adoption in periods beginning on January 1st, 2023.

The Group has not early adopted any of the forthcoming new amended standards in preparing these condensed consolidated interim financial statements.

New or amended standards effective for periods beginning on or after January 1st 2024 are those presented in the Group's last annual financial statements.

Functional and presentation currency

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

Going concern

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

Notes to the Condensed Consolidated Interim 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 Group. The section covers, as applicable, changes or new aspects, as compared to the last annual financial statements, regarding 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 with significant impact on financial performance.

3 NET INTEREST INCOME

The Group offers a range of financing products, including working capital and investment loans tailored to the needs of the farmers. To finance its loans granting activity, the Group has access to a diverse range of capital sources, including debt agreements with international financial institutions, local banks and related parties.

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 for the six-month period ended June 2023 and June 2022 are presented below:

	June 2023	June 2022
Interest Income		
Credit lines	189,434	107,772
Factoring	1,530	9,214
Capex	13,417	7,986
	204,381	**124,973**
Other interest income	114	147
Interest Expense	(99,815)	(54,947)
Net interest income	**104,680**	**70,172**

As of June 2023, interest income recognised on impaired financial assets amounts to RON 5,719 (June 2022: RON 3,291).

4 NET CREDIT LOSSES

Credit losses on financial assets are represented by the movements in expected credit losses calculated for existing and new loans and advances granted to customers (such movements are detailed in Note 8). Net credit losses include also expected credit losses on off balance sheet commitments and guarantees granted by the Group (refer to Note 0), as follows:

	June 2023	June 2022
Net credit losses on loans and advances to customers	(15,079)	(9,947)
Net credit losses on commitments and guarantees	(502)	(452)
Total net credit losses	**(15,581)**	**(10,399)**

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

5 OTHER SIGNIFICANT EXPENSES AND INCOME

Net fee and commission income

Fee and commission income mainly represents commission income for brokerage of insurance products. Brokerage fees are generally recognised on an accrual basis when the service has been provided, i.e. when the policy is written and the premium is cashed.

	June 2023	June 2022
Insurance brokerage commission	5,979	7,035
Fee and commission expense	(2)	(180)
Net fee and commission income	**5,977**	**6,855**

6 GENERAL AND ADMINISTRATIVE EXPENSES

Breakdown of significant general and administrative expenses is included below:

	June 2023	June 2022
Employees' cost	(21,255)	(19,821)
Depreciation	(3,010)	(1,550)
Consulting and audit expenses	(2,043)	(677)
Software expenses	(961)	(648)
Fuel expenses and maintenance	(854)	(688)
Protocol and advertising expenses	(809)	(1,290)
Other administrative expenses	(3,729)	(3,984)
Total	**(32,662)**	**(28,658)**

7 CURRENT INCOME TAX

The Group’s consolidated effective tax rate for the six months ended 30 June 2022 was 15.74% (six months ended 30 June 2022: 16.4%).
The decrease in deferred tax assets as at 30 June 2023 compared to 31 December 2022 is related to the Company’s transition to IFRS for local regulatory reporting purposes.

This section presents risks arising from financial instruments to which the Group is exposed if significant changes in exposures or in the way that those risks are managed occurred during the interim period, including specific information about:

- credit risk, presenting changes in estimates and additional estimates related to the macroeconomic/inflationary environment;
- market risk, presenting the Group's exposure to foreign exchange risk and interest rate risk, given the volatile macroeconomic environment with high interest rates due to National Bank interventions.

Practices and patters around liquidity risk management remain similar to the ones disclosed in the Group's last annual financial statements.

8 FINANCIAL RISKS MANAGEMENT

The Group's strategy for growth and development has the farmers and their needs at its core. The Group's aim is to support its 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 the Group have perfected a business model which follows the seasonality of the agricultural year and financing both working capital and investment needs of the farmers.

This business model involves taking on and managing financial risks in a targeted manner. The core functions of the Group's risk management are to identify all key risks for the Group, 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 Group's risk management framework. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and with consideration of best market practice.

Under policies approved by the Board of Directors and in collaboration with the risk and finance departments the risk management is carried out by the following committees:

- Credit Risk Committee;
- Management Committee;
- Assets Liabilities Committee;
- Collection Committee;
- Monthly Analysis of the Results Committee;
- Audit Committee;
- Management of Significant Risks Committee ("CARS")

The Group internal audit function, including the audit committee of three independent members all with significant financial experience and at least one with accounting background, is responsible for the independent review of the risk management and the internal control environment.

The Group's risk management policies are consistent with those disclosed in the last annual financial statements.

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

i. CREDIT RISK

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

Credit risk arises mainly from loans and advances and loan commitments granted by the Group but can also arise from other sources such as financial guarantees as well as from other transactions with counterparties giving rise to financial assets.

Credit risk is the largest financial risk for the Group's business. The Group's maximum exposure to credit risk is reflected by the carrying amounts of financial assets on the condensed consolidated statement of financial position.

i.1. Forward-looking information incorporated in the ECL model

The Group incorporates forward-looking information into the measurement of expected credit losses ("ECL"). External information considered includes economic data and forecasts published by National Commission for Strategy and Prognosis, forecast for 2023.

The Group has identified the macro-economic key drivers of credit risk using an analysis of most recent 8 years historical default data and their respective correlation with macro-economic variables. For the forward-looking adjustment purposes, the contribution of the Agriculture sector in total gross domestic product was found to be highly correlated with the probabilities of default of the Group's exposure to loans and advances granted.

The following related scenarios were used in the calculation of expected credit losses:

	base scenario	**optimistic scenario**	**pessimistic scenario**
30 June 2023			
Contribution of Agriculture in GDP	9.8% growth	29% growth	14.2% decline
scenario weight	15%	0%	85%
31 December 2022			
Contribution of Agriculture in GDP	9.8% growth	29% growth	14.2% decline
scenario weight	15%	0%	85%
30 June 2022			
Contribution of Agriculture in GDP	0.4% decline	15% growth	20% decline
scenario weight	15%	5%	80%

The Group constantly monitors the local, regional and global macroeconomic developments and assesses posible impacts of recent or foreseen developments on its business. In order to address possible negative efects of general inflation and increased interest rates, the Group recognised as at 30 June 2023 post model adjustments related to the following risks:

- increased inflation and interest rates might lead to higher default rates and / or credit losses versus historical trends captured by the statistical model employed by the Goup in estimating expected credit losses. To account for such possible impacts the Group stressed the weights of the forward looking scenarios used in estimating probabilities of default. Namely the pessimistic scenario was given a weight of 85% while the base scenario was weighted at 15% (with no weight allocated to the optimistic scenario). The additional allowance booked based on the stressed weights (versus weights of 60% for the base scenario and 20% for each of the optimistic and pesimistic scenarios – as based on a normal distribution) amounts to 1.6 million RON.

- general economic context and its impact on agriculture might lead to decreases in the values of assets held as collateral by the Group (refer to note below for the type of assets held as collateral and their valuation). To account for such possible decreases the Group has stressed the haircuts applied to the fair values of collaterals as part of the expected credit losses estimation process. The additional allowance booked based on the weighted average of scenarios considered amounts to 4.3 million RON. The managements does not expect higher losses, versus the allowance recognised in the consolidated financial statements, from decreased value of assets held as collateral as the Group is in a strong position to execute its collateral due to its close relationships with large and medium farmers across the country.

Individual analysis of exposures with higher risk indicators and / or with special risk or contractual or business characteristics resulted in an additional allowance (versus the allowance resulting from the standard ECL estimation methodology of the Group) of 2.9 million RON (31 December 2022: 3,8 million RON).

Significant estimate – forward looking scenarios

The incorporation of forward-looking information reflects the expectations of the Management and involves the creation of scenarios (base case, optimist and pessimist), including the assignment of probability weights for each scenario as presented below. In the application of the probability weighted scenarios the management estimated that the Agriculture sector gross domestic product for 2023 would decresse with 10.6% compared with 2022.

The following are sensitivities of the results to reasonably possible alternatives to the management's best estimates:

- As of June 2023, if the pessimistic scenario was assigned a probability of 100%, the allowance account balance would have increased by 0.6 million RON
- As of June 2023, if the optimistic scenario was assigned a probability of 100%, the allowance account balance would have decreased by 2.9 million RON
- As of June 2023, if the base scenario was assigned a probability of 100%, the allowance b account balance would decrease by 1.6 million RON
- For 2022, if the pessimistic scenario was assigned a probability of 100%, the allowance account balance would have increased by 0.3 million RON.
- For 2022, if the optimistic scenario was assigned a probability of 100%, the allowance account balancewould have decreased by 2.8 million RON.
- For 2022, if the base scenario was assigned a probability of 100%, the allowance account balance would decrease by 1.6 million RON.

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

i.2. Collateral and other credit enhancements

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The main collateral types for loans and advances are:

- Mortgages over agricultural land (arable land);
- Other mortgages over residential and commercial, respectively agricultural properties; and
- Pledge over business assets such as premises, inventories and accounts receivables.

The valuation methodologies for different types of collaterals is consistent with that presented in the Group's last annual financial statements.

Information about the fair value of the collateral as included in the valuation reports (i.e. before haircuts discussed above), capped at level of the exposure (i.e. if the fair value of the collateral is higher than the exposure to which it relates, then the value of the exposure is included in the table), as at 30 June 2023 is as follows:

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralized by:				
Mortgage	84,224	761,613		**845,836**
Pledge on equipment	73,878	21,982		**95,860**
Pledge on stock				**-**
Total value of collaterals	**158,102**	**783,594**	**-**	**941,696**
Gross loans and advances granted	235,922	2,696,251	24,381	2,956,554

Comparative information as at 31 December 2022 is as follows:

Collateral \ Loan type	**CAPEX**	**Credit Line**	**Factoring**	**Total**
Loans collateralized by:				
Mortgage	81,892	719,989		**801,881**
Pledge on equipment	95,607	14,730		**110,337**
Pledge on stock		509,772		**509,772**
Total value of collaterals	**177,499**	**1,244,491**		**1,421,990**
Gross loans and advances granted	201,991	2,607,777	29,269	2,839,037

As at 30 June 2023, the Group has no asset (land or other) obtained by taking possession of collateral held as security (31 December 2022: nil) as a result of foreclosure procedures. Repossessed assets (generally represented by inventories – agricultural products) are sold as soon as practicable.

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

i.3. Loss Allowance

The following tables explain the changes in the loss allowance between the beginning and the end of June 2023:

	Stage 1	Stage 2	Stage 3	POCI	Total
ECL at 1 Jan 2023	**18,735**	**6,763**	**51,169**	**3,398**	**80,065**
New assets originated	4,274	519		1,215	6,008
Additionally, ECL for existing assets	841	146	22,719		23,705
Assets derecognized or repaid (excluding write off)	(2,812)	(2,123)	(7,872)	(2,005)	(14,811)
Transfers from Stage 1	(220)	126	94		-
Transfers from Stage 2	398	(608)	210		-
Transfers from Stage 3		875	(875)		-
Amounts written off					
ECL at 30 June 2023	**21,217**	**5,697**	**65,445**	**2,608**	**94,967**

Comparative information for the year ended 30 June 2022 is included below:

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 Jan 2022	**10,339**	**9,901**	**34,289**	**54,529**
New assets originated	11,199			11,199
Additionally, ECL for existing assets	4,378	2,540	1,527	8,445
Assets derecognized or repaid (excluding write off)	(6,268)	(20)	(3,410)	(9,697)
Transfers from Stage 1	(1,103)	1,103		
Transfers from Stage 2		(3,161)	3,161	
Transfers from Stage 3				
Amounts written off			(1,268)	(1,268)
ECL at 30 June 2022	**18,544**	**10,363**	**34,301**	**63,208**

Significant changes in the gross carrying amount ("GCA") of loans and advances that contributed to changes in the respective loss allowance were as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
GCA at 1 Jan 2023	**2,563,020**	**193,126**	**70,252**	**12,639**	**2,839,037**
New assets originated	564,906	18,145		1,552	584,603
Increase for existing assets	103,518	12,892	10,294		126,704
Assets derecognized or repaid (excluding write off)	(558,958)	(17,337)	(9,363)	(8,134)	(593,791)
Transfers from Stage 1	(23,570)	16,006	7,564		-
Transfers from Stage 2	20,020	(32,496)	12,475		-
Transfers from Stage 3		2,620	(2,620)		-
Amounts written off					-
GCA at 30 June 2023	**2,668,936**	**192,968**	**88,602**	**6,057**	**2,956,553**

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Comparative information for the year ended 31 December 2022 is included below:

	Stage 1	Stage 2	Stage 3	Total
GCA at 1 Jan 2022	**1,791,695**	**153,089**	**53,225**	**1,998,009**
New assets originated	798,110			798,110
Increase for existing assets	234,890	27,273	4,904	267,067
Assets derecognized or repaid (excluding write off)	(459,346)	(1,233)	(5,638)	(466,218)
Transfers from Stage 1	(122,525)	122,525		
Transfers from Stage 2		(5,986)	5,986	
Transfers from Stage 3				
Amounts written off			(1,268)	(1,268)
GCA at 30 June 2022	**2,242,824**	**295,667**	**57,209**	**2,595,700**

Loans and advances by type of product, stage classification and type of credit risk assessment are detailed below:

30 June 2023	Capex		Credit lines		Factoring	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Collective analysis						
Stage 1	221,172	1,040	2,425,755	20,137	22,010	41
Stage 2	10,402	175	165,680	2,606	115	-
Stage 3	1,632	1,499	84,713	61,690	2,256	2,256
POCI			6,057	2,608		
Individual analysis						
Stage 2	2,716	377	14,045	2,538		
Stage 3						
Total	**235,922**	**3,091**	**2,696,250**	**89,579**	**24,381**	**2,298**

Comparative information for the year ended 31 December 2022 is included below:

31 Dec 2022	Capex		Credit lines		Factoring	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Collective analysis						
Stage 1	189,161	938	2,346,923	17,743	26,936	56
Stage 2	7,906	96	162,407	2,291	114	
Stage 3	1,556	1,161	64,515	47,186	2,219	2,219
POCI			12,639	3,398		
Individual analysis						
Stage 2	3,154	715	19,545	3,660		
Stage 3	214	134	1,748	469		
Total	**201,991**	**3,044**	**2,607,777**	**74,747**	**29,269**	**2,275**

Sections below include a presentation of loans and advances to customers, separately for each significant class of products and type of customers, by credit quality, whereby credit quality is defined as:

- Low risk – loans and advances to customers included in Stage 1;
- Medium risk – loans and advances to customers included in Stage 2;
- Substandard – loans and advances to customers included in Stage 3 with 0-180 days past due;
- Doubtful – loans and advances to customers included in Stage 3 with 181-360 days past due;
- Loss – loans and advances included in Stage 3 with more than 360 days past due.

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i.3.1. Credit lines

The table below shows the credit quality and the exposure to credit risk from Credit lines type of loans granted, by the Group's probability of default, as at 30 June 2023.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	POCI	Total
Performing						
below 400HA						
	Low risk	580,864				**580,864**
	Medium risk		33,955			**33,955**
above 400HA						
	Low risk	1,843,026				**1,843,026**
	Medium risk		145,770			**145,770**
others						
	Low risk	1,865				**1,865**
	Medium risk					**-**
Non-performing						
below 400HA						
	Substandard			9,484		**9,484**
	Doubtful			9,556		**9,556**
	Loss			10,367		**10,367**
above 400HA						
	Substandard			22,099	6,057	**28,156**
	Doubtful			26,775		**26,775**
	Loss			6,433		**6,433**
others						
	Substandard			-		**-**
	Doubtful			-		**-**
	Loss			-		**-**
Total GCA		**2,425,755**	**179,725**	**84,713**	**6,057**	**2,696,251**

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Comparative information for 31 December 2022 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	POCI	Total
Performing						
below 400HA						
	Low risk	450,446				**450,446**
	Medium risk		38,824			**38,824**
above 400HA						
	Low risk	1,833,040				**1,833,040**
	Medium risk		140,050			**140,050**
others						
	Low risk	63,437				**63,437**
	Medium risk		3,078			**3,078**
Non-performing						
below 400HA						
	Substandard			12,257		**12,257**
	Doubtful			177		**177**
	Loss			5,343		**5,343**
above 400HA						
	Substandard			35,088	12,639	**47,727**
	Doubtful			80		**80**
	Loss			3,320		**3,320**
others						
	Substandard			328		**328**
	Doubtful			352		**352**
	Loss			9,317		**9,317**
Total GCA		**2,346,923**	**181,952**	**66,263**	**12,639**	**2,607,777**

The tables below summarise the ageing of Stage 2 and Stage 3 Credit lines granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8).

30-Jun-23	Stage 2		Stage 3		POCI	
	GCA	**ECL**	**GCA**	**ECL**	**GCA**	**ECL**
Less than						
Collective analysis						
30 dpd (for Stage 2)	165,036	2,594				
90 dpd (for Stage 3)			29,025	16,959	6,057	2,608
Individual analysis						
30 dpd (for Stage 2)	14,045	2,538				
90 dpd (for Stage 3)						
Total	**179,081**	**5,133**	**29,025**	**16,959**	**6,057**	**2,608**

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

Comparative information for the year ended 31 December 2022 is included below:

31 Dec 2022	Stage 2		Stage 3	
	GCA	**ECL**	**GCA**	**ECL**
Less than				
Collective analysis				
30 dpd (for Stage 2)	153,336	2,114		
90 dpd (for Stage 3)			53,562	27,806
Individual analysis				
30 dpd (for Stage 2)	17,623	2,958		
90 dpd (for Stage 3)			1,748	469
Total	**170,959**	**5,072**	**55,310**	**28,275**

i.3.2. Factoring

The table below shows the credit quality and the exposure to credit risk from Factoring type of loans granted, by the Group's probability of default, as at 30 June 2023.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	11,043			**11,043**
	Medium risk				
above 400HA					
	Low risk	10,967			**10,967**
	Medium risk		115		**115**
others					
	Low risk				
	Medium risk				
Non-performing					
below 400HA					
	Loss			98	**98**
above 400HA					
	Doubtful			1,984	**1,984**
	Loss			174	**174**
Total GCA		**22,010**	**115**	**2,256**	**24,381**

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Comparative information for 31 December 2022 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	1,213			**1,213**
	Medium risk				
above 400HA					
	Low risk	23,472			**23,472**
	Medium risk		114		**114**
others					
	Low risk	2,251			**2,251**
	Medium risk				
Non-performing					
below 400HA					
	Loss			92	**92**
above 400HA					
	Substandard			1,946	**1,946**
	Loss			181	**181**
Total GCA		**26,936**	**114**	**2,219**	**29,269**

The tables below summarise the ageing of Stage 2 and Stage 3 Factoring loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.).
- Stage 3 – loans less than 90 dpd, thus,presenting the loans classified as Stage 3 due to criteria other than aging (see note 8.).

30 June 2023	Stage 2		Stage 3	
	GCA	**ECL**	**GCA**	**ECL**
Less than				
Collective analysis				
30 dpd (for Stage 2)	114			
90 dpd (for Stage 3)				
Total	**114**			

Comparative information for the year ended 31 December 2022 is included below:

31 Dec 2022	Stage 2		Stage 3	
	GCA	**ECL**	**GCA**	**ECL**
Less than				
Collective analysis				
30 dpd (for Stage 2)	114			
90 dpd (for Stage 3)			1,946	1,946
Individual analysis				
30 dpd (for Stage 2)				
90 dpd (for Stage 3)				
Total	**114**		**1,946**	**1,946**

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

i.3.3. Capex

The table below shows the credit quality and the exposure to credit risk from Capex type of loans granted, by the Group's probability of default, as at 30 June 2023.

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low-fair risk	56,046			**56,046**
	Medium-risk		2,780		**2,780**
above 400HA					
	Low-fair risk	165,126			**165,126**
	Medium-risk		10,339		**10,339**
others					
	Low-fair risk				
	Medium-risk				
Non-performing					
below 400HA					
	Substandard			158	**158**
	Doubtful			224	**224**
	Loss			460	**460**
above 400HA					**-**
	Substandard			177	**177**
	Doubtful			590	**590**
	Loss			22	**22**
Total GCA		**221,172**	**13,118**	**1,632**	**235,922**

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

Comparative information for 31 December 2022 is presented below:

Internal classification / Stage	Credit quality	Stage 1	Stage 2	Stage 3	Total
Performing					
below 400HA					
	Low risk	34,966			**34,966**
	Medium risk		3,161		**3,161**
above 400HA					
	Low risk	130,443			**130,443**
	Medium risk		7,635		**7,635**
others					
	Low risk	23,752			**23,752**
	Medium risk		264		**264**
Non-performing					
below 400HA					
	Substandard			253	**253**
	Doubtful			5	**5**
	Loss			197	**197**
above 400HA					**-**
	Substandard			778	**778**
	Loss			150	**150**
others					
	Substandard			248	**248**
	Loss			138	**138**
Total GCA		**189,161**	**11,060**	**1,770**	**201,991**

The tables below summarise the ageing of Stage 2 and Stage 3 Capex loans granted, as follows:

- Stage 2 – loans less than 30 days past due (dpd) irrespective of the criteria that triggered their classification in Stage 2 (see note 8.).
- Stage 3 – loans less than 90 dpd, thus presenting the loans classified as Stage 3 due to criteria other than aging (see note 8).

30 June 2023	Stage 2		Stage 3	
	GCA	**ECL**	**GCA**	**ECL**
Less than				
Collective analysis				
30 dpd (for Stage 2)	10,402	175		
90 dpd (for Stage 3)			335	328
Individual analysis				
30 dpd (for Stage 2)	2,716	377		
90 dpd (for Stage 3)			-	-
Total	**13,118**	**553**	**335**	**328**

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

Comparative information for the year ended 31 December 2022 is included below:

31 Dec 2022	Stage 2		Stage 3	
	GCA	**ECL**	**GCA**	**ECL**
Less than				
Collective analysis				
30 dpd (for Stage 2)	7,395	90		
90 dpd (for Stage 3)			721	502
Individual analysis				
30 dpd (for Stage 2)	3,154	715		
90 dpd (for Stage 3)			214	134
Total	**10,549**	**805**	**934**	**635**

i.4. Modified loans and advances to customers

Restructuring activities include extended payment arrangements, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that collection will most likely continue. These policies are kept under continuous review. Repeated restructuring is one of the Group's impairment indicators. As at 30 June 2023, the modified net exposure was of RON 32,373 thousand (31 December 2022: RON 29,501 thousand).

An analysis of the restructured loans and advances to customers as at 30 June 2023 and 31 December 2022, per types of loans, is presented in the table below:

	30 June 2023		31 December 2022	
	Capex	**Credit lines**	**Capex**	**Credit lines**
Collective analysis				
Gross Carrying Amount, *of which*:	**1,060**	**45,068**	**1,211**	**39,525**
Stage 2	863	20,153	819	18,385
Stage 3	197	20,036	392	11,834
Purchased credit impaired		4,878		9,306
Expected Credit Losses, *of which*:	**214**	**13,541**	**344**	**10,890**
Stage 2	17	158	10	205
Stage 3	197	11,615	334	9,278
Purchased credit impaired		1,768		1,407
Total gross exposure	1,060	45,068	1,211	39,525
Total expected credit losses	214	13,541	344	10,890
Total net exposure	**846**	**31,527**	**867**	**28,634**

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for twelfe consecutive months or more.

Cash and cash equivalents presented in the Statement of financial position are represented by placements held with highly reputable local banks(for detail please see note 10)

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

ii. Market Risk

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

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

ii.1. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on the net positions the Group can hold in foreign currencies, including foreign exchange positions of subsidiaries and both accounting and economic hedges. Such limits are especially relevant for the Group, where part of borrowings from international financial institutions and other debt agreements are EUR denominated. According to the limits set by the Group and to certain financial covenants imposed by borrowing agreements, the open currency position of the Group should not exceed 10% of its Total Capital (see note 9).

The Group's strategy is to monitor open positions on a daily basis and apply risk management strategies, including hedging, to ensure it manages itself against currency risk. Positions are maintained within established limits by either balancing the assets and liabilities in the relevant currencies, or taking out foreign currency swaps or forwards and converting the exposures into RON.

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

	30 June 2023 EUR	**31 December 2022 EUR**
Assets		
Cash and bank balances	37,897	6,021
Loans and advances to customers	321,902	334,278
Total assets	**359,798**	**340,299**
Liabilities		
Borrowings	479,272	432,037
Total Liabilities	**479,272**	**432,037**
Derivative financial instruments (notional)	130,541	86,580
Net financial position	**11,068**	**(5,159)**

(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 rate used are based on the market estimamtion and the year end rates. The sensitivities are calculated by applying the changes in the exchange rates to the above net financial position, in case of gain / (loss) before tax of, respectively by considering tax effect in case of equity impact.

	June 2023 *EUR strengthening by 1.7%*	*June 2022* *EUR strengthening by 3%*
Gain / (loss) before tax of:	188	(894)
Equity	158	(751)

ii.2. Interest rate risk

The Group's main interest rate risk arises from the mismatch between the repricing frequency of loans and advances granted with variable rates, on the asset side, and the repricing frequency of browings together with the fixed rate bonds issued on the liabilities side. This mismatch exposes the Group to cash flow interest rate risk. The Group's strategy is to monitor and, depending on the market conditions and anticipated trends, partly manage the risk of open repricing gap using floating-to-fixed interest rate swaps.

Borrowings contracted by the Group bear fixed or floating interest rate and are measured at amortised cost.

During 2021 the Group contracted a 40 million EUR fixed rate loan with 5 years maturity from Agricover Holding SA, the Company's parent. The loan increases the Group's exposure to both currency and interest rate risks. The following table provides an analysis of the Group's interest rate risk exposure on financial assets and liabilities as at 30 June 2023. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or remaining maturity dates.

asset / liability class	**up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 year and above**	**Total**
Loans and advances to customers	1,717,269	27,453	1,088,442	28,421	**2,861,586**
Other financial assets	1,282				**1,282**
Cash and cash equivalents	139,830				**139,830**
Total financial assets	**1,858,381**	**27,453**	**1,088,442**	**28,421**	**3,002,698**
Borrowings	1,006,733	1,079,039	87,741	298,475	**2,471,988**
Lease liabilities	57	129	1,147	7,461	**8,794**
Other financial liabilities	14,259				**14,259**
Total financial liabilities	**1,021,049**	**1,079,168**	**88,888**	**305,935**	**2,495,040**
Interest repricing gap	**837,332**	**(1,051,715)**	**999,554**	**(277,514)**	**507,658**

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Comparative information as at 31 December 2022 is included below:

asset / liability class	up to 1 month	1 to 3 months	3 to 12 months	1 year and above	Total
Loans and advances to customers	1,294,313	12,534	1,391,004	61,120	**2,758,971**
Other financial assets	2,844				**2,844**
Cash and cash equivalents	116,245				**116,245**
Total financial assets	**1,413,401**	**12,534**	**1,391,004**	**61,120**	**2,878,060**
Borrowings	1,041,047	957,029	98,009	298,835	**2,394,920**
Lease liabilities	57	129	1,147	6,230	**7,563**
Other financial liabilities	15,992				**15,992**
Total financial liabilities	**1,057,097**	**957,158**	**99,156**	**305,064**	**2,418,475**
Interest repricing gap	**356,305**	**(944,623)**	**1,291,848**	**(243,944)**	**459,585**

The gaps in up to one year risk bands are explained by the fact that 67% of the the Group's granted loans and advances to the customers bear floating interest with 6M tenor base rates and monhtly repricing frequency. Remaining portfolio is either priced at a six months frequence or bears fixed interest rates. The Group's borrowings bear floaring interest with 6M, 1M or 3M tenor base rates with repricing frequencies that match the tenor of the respective base rates. Such risk exposure is in the normal course of business for the Group.

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.

	June 2023 Interest rate lower by 3.76%	*June 2022 Interest rate lower by 1%*
Gain / (loss) before tax of:	(16,410)	2,125
Equity	(13,785)	1,784

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

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

9 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to:

- comply with the capital requirements set by the National Bank of Romania ("NBR");
- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain a strong capital base to support the development of its business.

Regulatory capital is monitored by the Company's management, employing techniques based on the guidelines developed by the National Bank of Romania for supervisory purposes. The required information is filed with the NBR on a quarterly basis by the Company at individual Agricover Credit IFN level. The Company has complied with all externally imposed capital requirements throughout the six month period ended June 2023 and June 2022.

The table below shows regulatory capital measures of Agricover Credit IFN SA as reported to the NBR and in line with the requirements of the Regulation No 20 issued in 2009 by the National Bank of Romania, Regulation regarding non-banking financial institutions, with subsequent ammendments and modifications ("Regulation 20"). Regulation 20 requires non-banking financial institutions to comply to keep the ratio between aggregated adjusted exposures to own funds below 1,500%.

Capital management	**June 2023**	**June 2022**
Capital and aggregate exposure		
Share capital	137,925	117,925
Legal reserve	20,773	17,381
Other reserves	938	938
Retained earnings	317,189	275,359
Net profit	46,514	39,689
1. Available capital	**523,340**	**451,292**
Distribution of profit	-	-
Intangibles	17,605	9,592
2. Deductions from available capital	**17,605**	**9,592**
I. Total capital	**505,734**	**441,700**
II. Investment capital	150	150
III. Other elements deducted (difference between regulatory credit risk provisions and IFRS 9 expected credit losses)	-	16,993
IV. Own funds	**505,584**	**424,557**
Total aggregate exposure	**2,397,683**	**2,207,039**
Aggregate adjusted exposure compared to own funds	**474%**	**520%**

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

10 CASH AND CASH EQUIVALENTS

As at 30 June 2023 and 31 December 2022 Cash and cash equivalents presented in the Statement of financial position and in the Statement of cash flows are represented by placements held with highly reputable local banks, as follows:

	30 June 23	31-Dec-22
Investment grade	57,185	14,721
Non-investment grade	56,698	27,204
Parent investment grade	11,127	48,593
Unrated	14,821	25,726
Total	**139,830**	**116,245**
out of which		
Current account	101,309	111,870
Deposits with banks	38,521	4,375

The investment-grade category and the parent investemnt grade includes exposures to banks with the following Fitch ratings, or their equivalent: AA, A+, A, A-, A1, BBB+, BBB, BBB. The non-investment-grade category includes exposures to banks with the following Fitch ratings, or their equivalent: BB+, BB and BB-. The unrated category includes exposures to bank with no rating assigned by the any of the biggest three global credit rating agencies.

11 BORROWINGS

	30-June-23	31-Dec-22
Borrowings from local banks	1,523,083	1,537,602
Borrowings from international financial institutions	748,362	654,045
Borrowings from related parties	200,543	203,273
Total borrowings	**2,471,988**	**2,394,920**

Borrowings from banks and international financial institutions

Borrowings from local banks are denominated in RON, bear floating interest rates. Some are secured by assignment of loans granted to customers. The carrying amounts of assets pledged as security are disclosed in note 16.

Borrowings from international financial institutions bear floating interest rates, can be denominated in RON or EUR and are uncollateralised. Geographical concentration is as follows:

Borrowings from:	30 June 23	31-Dec-22
local banks	1,523,083	1,537,602
international financial institutions within European Union	678,434	571,800
International Investment Bank	62,282	69,481
International Finance Corporation	7,646	12,764
related parties (note 15)	200,543	203,273
Total borrowings	**2,471,988**	**2,394,920**

In April 2023, the U.S Treasury Department's Office of Foreign Assets Control ("OFAC") has included International Investment Bank on the specially designated nationals and blocked persons list (OFAC Sanctions)

The Group is borrower under two facility agreements concluded with International Investment Bank, prior to the OFAC Sanctions, on 19 March 2019 and 27 February 2020. The total current outstanding principal amount under the International Investment Bank Facility Agreements is of RON 60,800 thousand.

Unlike sanctions imposed by European Union or by Romanian authorities, OFAC Sanctions are not applicable directly in Romania, in absence of specific Romanian legislation imposing this. To our knowledge, up to the date of these condensed interim financial statements, the Applicable Legislation does not include the OFAC Sanctions.

Notwithstanding the OFAC Sanctions not being directly applicable under Romanian law, the Group does not wish its lenders' group to include lenders subject to international sanctions and therefore the Group currently considers available options to terminate the International Investment Bank facility agreements, including by way of voluntary prepayment of amounts owed to International Investment Bank. International Investment Bank, at their own initiative, issued a temporary waiver to the Group for the payments due in June 2023 under the International Investment Bank facility agreements to be postponed for payment until 19 September 2023. Although we expect that International Investment Bank will continue to grant such temporary waivers, if, for whatever reasons, the Group will early repay the loans, the management considers that this will not significantly impact the Group's ongoing business.

Borrowings from related parties

During 2021, the Company's parent (Agricover Holding SA) issued a 40 million EUR fixed rate bond with 5 years maturity. The proceeds were used to finance the loans granting activity of the Company through an intra-group loan with similar terms and conditions. Both are unsecured and include certain financial covenants that the Company and Agricover Holding SA and its other subsidiaries have to comply with.

Compliance with covenants

Under the terms of the major borrowing facilities, the Company is required to comply with financial covenants such as: capital adequacy ratios, non-performing loans ratios, economic group exposure/ large exposure ratios, related party exposure ratios or currency risk ratios.

The Group has complied with all financial covenants imposed by and by its borrowing facilities from local banks and international financial institutions during first six months of 2023 and 2022 reporting periods.

Non-compliance with financial covenants imposed by the Group's borrowings or other contractual breaches, including breach of payment terms, would result in the creditors having the right to early call the related facilities. Moreover, some of our funding agreements include customary cross default provisions, including provisions that puts the Company in default if Agricover Distribution defaults on its funding agreements.

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

Changes in liabilities arising from financing ctivities

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

	June 2023		2022	
	Borrowings	**Lease Liabilities**	**Borrowings**	**Lease Liabilities**
at 1 January	2,394,920	7,563	1,633,827	3,096
withdrawals	5,640,063		5,829,675	
new lease contracts		2,548		5,692
repayments	(5,563,410)	(1.152)	(5,075,718)	(1,105)
interest accrued	99,815		151,845	
interest paid	(95,668))	(134)	(140,960)	(111)
foreign exchange rate effect	(3,802)	(31)	(3,749)	(9)
at 31 December 2022/30 June 2023	**2,471,838**	**8,794**	**2,394,920**	**7,563**

12 OTHER FINANCIAL LIABILITIES

Breakdown of other financial liabilities is included below:

Other financial liabilities	**June 2023**	**2022**
Employees	5,025	11,178
taxes and social contributions	1,558	1,910
VAT	38	647
others (suppliers)	7,638	2,257
Total other financial liabilities	**14,259**	**15,992**

The decrease in employee-related liabilities is due to the implementation of the SOP within the Group (refer to note 15), whereby the SOP is equity settled and does not give rise to financial liability for the Group or the Company. In addition, this led to the decrease in cash paid to employees during the six months period ended 30 June 2023 as compared to the six months period ended 30 June 2022.

13 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).

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

i. Financial instruments measured at fair value

The level in the fair value hierarchy into which the recurring fair value measurements are categorized is presented in the table below. Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

	30 June 2023		31 December 2022	
	Level 2	**Total**	**Level 2**	**Total**
Financial liabilities at fair value:				
Derivatives held for risk management	(3,715)	(3,715)	(4,699)	(4,699)

As at 30 June 2023 the Group had FX Forward contracts outstanding with a total negative fair value of RON 3,715 (31 December 2022: RON 4,699 . The fair value was estimated based on discounted cash flows model, using directly observable inputs (i.e.: market FX and interest rates). As such, the fair value of the derivative is classified as Level 2 in the fair value hierarchy.

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardized contractual terms and conditions. Derivatives have potentially favorable (assets) or unfavorable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The Group does not take trading or speculative positions when entering into derivative transactions. All such transactions are initiated for risk management purposes.

ii. Financial instruments not measured at fair value but for which fair value is disclosed

The level in the fair value hierarchy into which the fair value measurements of financial assets and liabilities not measured at fair value but for which fair value is disclosed are categorized and presented in the table below. Fair value is disclosed for all financial assets and liabilities not measured at fair value and for which fair value is significantly different than the carrying amount.

30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Loans and advances to customers:					
Capex			232,831	232,831	232,831
Credit lines			2,599,043	2,599,043	2,606,672
Factoring			24,645	24,645	22,083
Total			**2,856,519**	**2,856,519**	**2,861,586**

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Borrowings:					
from local banks			1,537,602	1,537,602	1,537,602
from international financial institutions			645,371	645,371	654,045
from related parties		190,921		190,921	203,273
Total		**190,921**	**2,182,973**	**2,373,895**	**2,394,920**

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

Comparative information as at 31 December 2022 is presented below:

31 December 2022	Level 1	Level 2	Level 3	Total	Carrying value
Loans and advances to customers:					
Capex			198,947	198,947	198,947
Credit lines			2,516,636	2,516,636	2,533,030
Factoring			26,578	26,578	26,994
Total			**2,742,162**	**2,742,162**	**2,758,971**

30 June 2023	Level 1	Level 2	Level 3	Total	Carrying value
Borrowings:					
from local banks			1,523,083	1,523,083	1,523,083
from international financial institutions			740,783	740,783	748,362
from related parties		186,228		186,228	200,543
Total		**186,228**	**2,263,866**	**2,450,094**	**2,471,988**

All other financial assets and liabilities in the Group's statement of financial position, those that are not included in the table above and for which the fair value is not disclosed, have their fair values approximated by the carrying value.

Techniques and inputs used to determine level 2 and level 3 fair values

Fair value of loans and advances to customers was estimated as follows:

- fair value of floating rate loans and advances was approximated by their net carrying amount as credit risk impact is already accounting for through the allowance for expected credit losses;
- in estimating the fair value of fixed rate loans and advances the Group has discounted contractual cash flows. The discount rate was estimated for each exposure individually by adjusting the contractual fixed rate with the change in the relevant floating rate benchmarks (e.g. 3M or 6M ROBOR) between the grant date of each respective loans and the valuation date. The net present value was adjusted with the credit loss allowance in case of assets impaired at the valuation date.

Fair value of borrowings contracted was estimated as follows:

- fair value of floating rate loans and advances was approximated by their net carrying amount;
- in estimating the fair value of fixed rate borrowings, the Group has discounted contractual cash flows. The discount rate was estimated for each borrowing individually by considering: i) the yields on contracted floating rate borrowings with similar risk characteristics (e.g. currency), or firm financing offers received thereof, close to the valuation date; and ii) the interest rate swap curve to convert the floating rates determined at i) above to fixed rates for relevant maturities.

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

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

- Intangible assets (note 14);

and related key accounting policies, judgement and estimates.

14 INTANGIBLES

Intangibles of the Group are represented mainly by software licences acquired. The Group has no intangibles with indefinite useful life.

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

	June 2023 Software licensees	2022 Software licensees
Gross book value	17,700	8,874
Accumulated amortization	(4,518)	(3,156)
Net book value at 1 January	**13,182**	**5,718**
Additions	6,153	8,826
Amortisation charge	(1,572)	(1,362)
Gross book value	23,853	17,700
Accumulated amortization	(6,089)	(4,518)
Net book value at 31 December	**17,764**	**13,183**
Gross book value	23,853	17,700
Accumulated amortization	(6,089)	(4,518)

Main additions are represented by SAP 4Hana and Loan Origination Systems of licenses and related implementation cost . The new core system and operational modules are live starting with first semester of 2023.

(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 Group's financial performance, its risk management or to individual line items in the financial statements.

15 RELATED PARTIES TRANSACTIONS

Significant related party transactions of the Group were conducted on terms equivalent to those prevailing in an arm's length transaction. The Group 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 condensed consolidated interim financial statements
Parent	entity that controls the Group	the main shareholder of the Company is Agricover Holding SA.
Subsidiaries	entities controlled by the Company (refer to Note 1)	intragroup transactions and outstanding balances are eliminated, they do not form part of the condensed consolidated interim financial statements; consequently, such related party transactions and outstanding balances between group members are not disclosed under IAS 24 in the condensed consolidated interim financial statements.
Key management	persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries.	there are no significant transactions between the Group 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	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 2022: 87,269%).

Key management compensation

During the six-month period ended 30 June 2023 compensation granted to key management personnel amounts to RON 4,708 thousands (June 2022: RON 5,298 thousands). It represents short term benefits, including monthly salaries, performace bonuses and share-based compensation. There are no other types of benefits or commitments granted by the Group to key management.

Share Option Plan

A multi-annual Share Option Plan ("the SOP") was approved by the shareholders of the Parent at their 2022 annual general meeting and implemented by the management thereafter. The main characteristics of the SOP are those presented in the Group's last annual financial statements.

Set out below are details regarding the number of options granted, exercised or expired under the SOP during the 6 month period ended 30 June 2023 and, respectively 30 June 2022:

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

	June 2023	2022
Outstanding beginning of year	3,956,691	-
Granted during the period	9,067,981	3,956,691
Exercises during the period	(1,720,970)	
Expired during the period	(246,023)	
End of year	**11,057,679**	**3,956,691**

The weighted average fair value of shares granted during the period was 0.433 RON/share (2022: 0.751 RON/share). The fair value as at 30 June 2023 was 0.317 RON/share, (30 June 2022: 0.872 RON/share).

All options outstanding are unvested and have an exercise price of 0.1RON/share. The weighted average remaining contractual life of options outstanding is 1.42 years.

Related parties transactions and balances

The following transactions were carried out as of June 2023 and 2022:

	June 2023	June 2022
Transactions with parent		
Interest expense	3,436	3,430
Transactions with other relates parties		
Interest income	4,527	11,483

Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of each the reporting periods in relation to transactions detailed above:

	June 2023	2022
Balances with parent		
Borrowings received	200,655	203,407
Balances with other relates parties		
Other financial assets	86	921
Other financial liabilities	136	367
Loans and advances to customers	19,458	7,639
Commitments to other related parties		
Letters of guarantees issued	4,000	4,000

16 ASSETS PLEDGED AS SECURITY

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

	30-June-23	31-Dec-22
Pledge Assets with residual maturity lower than 1 year:		
Loans and receivables	1,861,493	1,680,039
Pledge Assets with residual maturity greater than 1 year:		
Loans and receivables	213,972	340,822

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

17 COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

Letters of credit and guarantees (including standby letters of credit) commit the Group 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 30 June 2023, the Group has issued guarantee letters with expiry period within 1 year with a total nominal value of RON 4,000 (31 December 2022: RON 4,000) .

Commitments

To meet the financial needs of customers, the Group enters into various revocable and irevocable commitments to lend and similar contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Group (qualitative and quantitative details regarding risk management practices of the Group are detailed in note 9.i)

The Group designed for and offers to farmers a new product range consisting of loans with a Mastercard credit card attached, addressed to legal entities active in the agricultural sector. As at 30 June 2023 total irrevocable commitments under the credit cards amounted to 148 million RON, of which 67 million RON were utilised.

Except for the credit card related limits detailed above, the Group does not grant irrevocable commitments. Under uncommitted credit lines it is the Group's policy to approve any withdrawals, based on an analysis of the applicant, including of developments after the initial approval of the limit. The analysis done by the Group for withdrawal purposes is more simplified in extent and nature as compared to the initial granting moment of the credit line. However, irrespective of the analysis or its results threof, the Group has the unconditional right to deny disbursements under uncommitted credit lines. As at 30 June 2023 the undrawn balance of the credit lines granted by the Group amounts to 361 million RON (31 December 2022: 381 miilion RON).

Contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its general operations and specifically to its financing activity. As a result, it is involved in various litigations and legal proceedings arising in the ordinary course of the its business. Management of the Group considers that these litigations will not have a significant impact on the operations or on the financial position of the Group

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

This section includes certain performance measures that are monitored by its management, the regulator or its creditors. The section then concludes with significant events which have occurred after the yearend and have not impacted these consolidated financial statements but which have or might impact the financial performance of the Group in subsequent periods.

18 ALTERNATIVE PERFORMANCE MEASURES

The performance measures presented below, together with details of their calculation, are considered key performance indicators monitored by the Group.

Capital Ratio

The capital ratio refers exclusively to Agricover Credit IFN SA and is derived from the regulatory capital measures (i.e. Own Funds and Total Aggregated Exposure) of the Company. Such regulatory capital measures are based on the provisions of Regulation 20. These measure are then used to calculate the capital ratio, as detailed in the table below.

#	Performance indicator	30-Jun-23	30-Jun-22
=A/B*100%	**Capital ratio**	**21.09%**	**19.24%**
A	Own funds	505,584	424,557
B	Total aggregate exposure	2,397,683	2,207,039

Other performance indicators

#	performance indicator	30-Jun-23	30-Jun-22
=C/D*100%	**Non-Performing loan ratio**	**3.2%**	**2.20%**
C	Gross loans exposure Stage 3	94,659	57,209
D	Gross loans exposure	2,956,554	2,595,700
=F/E*100%	**Risk earnings ratio**	**14.88%**	**14.82%**
E	Net interest income	104,680	70,172
F	Net credit losses	15,581	10,399
=(G+H)/(E+I+J)*100%	**Cost income ratio**	**32.17%**	**39.15%**
E	Net interest income	104,680	70,172
G	General and administrative expenses	32,662	28,657
H	Other operating expenses	3,072	1,658
I	Net fee and commission income	5,977	6,855
J	Other operating income	423	407

19 EVENTS AFTER THE REPORTING PERIOD

No significant events.