

Informative notes for the items on the agenda of the Extraordinary General Meeting of Shareholders called for 23/24 November 2020 (“EGMS”)

These informative notes regarding the items on the agenda of the Extraordinary General Meeting of Shareholders called for 23/24 November 2020 were drawn up by the Chairman of the Board of Directors in accordance with the delegation received via the Board of Directors Decision from 20.10.2020 for the drawing up of all the documents providing information on the matters subject to debate.

1. Stock Option Plan for the 2020-2022 term

Norofert SA is an operationally diverse company, with activities spanning from R&D, production to sales and customer assistance. Implementing the ambitious development strategy, in an efficient manner, requires skilled, motivated and professional personnel. These qualities should be rewarded for the value brought to the shareholders.

In the context above, Stock Option Plans are a useful incentive tool for companies that want to align interests of key employees with those of the management and shareholders, for a sustainable and durable development of the Company. The Board of Directors of Norofert proposes to the EGMS a Stock Option Plan for the 2020-2022 term, applicable as of the date of publishing resolutions from the 23/24 November EGSM and up to the date of the approval of the financial statements for 2021.

Eligible individuals for the Stock Option Plan of Norofert shall be: employees, managers, contractors and administrators (Board Members). For employees and managers this incentive plan comes as bonus besides the normal remuneration and works as a stimulant for them to make sure their interests and those of the Company are always aligned. For administrators, the incentive plan shall either be the sole remuneration or shall serve as additional remuneration in case the remuneration provided was considered to fall below market average. The inclusion of administrators is important, since their role is to lead the company in a way that brings the most added value to its shareholders.

The Board of Directors of Norofert considers the annual Stock Options Plan as an important tool for motivating and maintaining key persons in the company.

The allocation of shares offered as a reward shall be made according to the following value levels, in favour of the persons (administrators or employees) who shall hold the following positions for a relevant term, i.e. from 1 January 2021 to the date of the approval of the financial statements of the Company for 2021 or no less than a calendar year in this interval:

Key employees of Norofert to benefit from SOP:

- Operations Director – 150,000 RON
- Bio Division Development Director – 120,000 RON
- Foreign Markets Development Director – 120,000 RON
- Risk Department (1 position) – 35,000 RON
- Finance Director – 35,000 RON
- Logistics (two positions) – 35,000 RON and 20,000 RON respectively
- Production in Chief – 20,000 RON
- Advisor of the Chairman of the Board, member of the Administrative Committee (two positions) – 100,000 RON each
- Members of the Board of Directors – 200,000 RON for each nonexecutive member
- Chairman of the Board – 400,000 RON

The conditions to be met for benefiting from the Stock Option Plan by the management and employees of Norofert for the 2020-2022 term, apart from continuity within the position for at least a year within the above-mentioned interval shall be:

- surpassing, at the consolidated level, of the revenue and gross profit values as proposed by the Board of Directors in the Annual Sales and Expenses Budget for 2021 and approved by the shareholders during the OGMS;
- maintaining the operational margins at the consolidated level above 15%;
- in the case of employees their contribution to the fulfilment of the above-mentioned criteria shall be individually assessed by the Board of Directors.

These three KPI's offer a balanced system of checks and balances and aligns the above-mentioned interests. Additionally, the beneficiary's stability on his/her position (seniority in the Company from 01.01.2019 to the date of the approval of the financial statements for 2021, but no less than one year within this interval) shall be taken into consideration when awarding the benefit.

In order to offer benefits to key persons for performances in the years when the Company manages to deliver the promise made to its shareholders (namely it manages to meet the revenue and profit as proposed and approved annually in the OGMS), without altering the capitalisation of the Company, the management proposes the Stock Option Plan to be carried out through the share capital increase but only if the General Meeting of the Shareholders delegates to the Board of Directors the increase of share capital within certain limits, without the exercise of the pre-emption right according to art. 87 of Law no. 24/2017, as the issuance of shares for the sole purpose of participation of administrators and employees to the share capital would not be otherwise possible. The fulfilment of the Stock Option Plan via a shares buy-out is possible, but it is not desirable, because it would partially decapitalise the Company and that is why it shall be used for the unwinding of such program only if the conditions for a share capital increase with the withdrawal of the pre-emption right shall not be met.

The date for expressing the option for participation shall follow up the approval of the financial statements for 2021 and the fulfilment of the evaluation of the activity of each employee, if at such date the increase of share capital shall be possible with the withdrawal of the pre-emption right, for the issuance of a sufficient number of shares or if the Company shall own a sufficient number of shares via a shares buy-out.

The allocation of shares shall take place after the fulfilment of all the above-mentioned conditions. At such time, the shares shall be transferred to the individual accounts of the eligible persons, opened up in the First Section of the Register held by the Central Depository. The number of shares allocated to each beneficiary shall result by dividing the amounts proposed by the Company for rewarding her/him to the price per share with which the share capital shall increase, as determined in accordance with the legal provisions, by rounding up to the highest amount, representing a multiple of the issuance unit value, with respect to the amount proposed for in the program for the respective position. The whole program is limited to maximum 2% of the shares of the Company with respect to the value of the share capital as of the date of granting the shares to the beneficiaries.

2. Share Capital Increase

Increase in sales during the 2020 agricultural campaigns has shown the growing market share of Norofert on both organic and conventional sector. For 2021, during both seasons, Norofert targets to sell 350,000 litres of own products, from both Karisma and Organics lines. In order to keep the ascending path, the Group needs to ensure the continuity of its production as well as needs to continue the investments in the further automatizations of the production line. Only through these investments, Norofert will manage to stay ahead of the competition and will keep delivering results to its shareholders.

The share capital increase is meant to support the strategic investments that will help Norofert to increase the production capacity and the operational margins, for the benefit of all shareholders.

The share capital increase, which is expected to take place in the first semester of 2021, subject to the approval of the EGMS, will fuel the following three investments:

i. Installation of a high capacity soil fertiliser production line

Soil fertilisers have a basic, but important role – they act as the foundation of every crop. They are applied at the beginning of each new cycle to ensure healthy and normal development of a plant. Currently, Norofert has a limited portfolio of soil fertilisers and they are not reaching the full potential because of the lack of high-capacity production line. With a proper production facility, Norofert will have a chance to enlarge its soil fertiliser portfolio to cover all the macro and micro element needs of key crops: wheat, sunflower,

corn and rapeseed. At the current moment, the research department envisages 3 unique formulas that will help address the needs of organic farmers:

- soil fertiliser with 12% nitrogen;
- soil fertiliser with a balanced formula of NPK (nitrogen, phosphorus and potassium);
- soil fertiliser with phosphorus and microelements.

All the above products will be developed using the proprietary technology of Norofert, BioChain. The soil fertilisers will be produced in solid granulated form, having 3-5 mm in diameter in order to be easily spread in the field. The packaging will range from 10 kg bags for organic hobby gardening line and up to 500 kg bags for large organic farmers.

The forecasted sales for the first agricultural season (Spring/ Autumn 2021) are estimated at approx. 2000 tons of granulated soil fertilizers. The average price per ton of the soil fertilizer is EUR 385 (excluding VAT), with the gross margin estimated at 40%. Sales are estimated to grow 20-30% each year as a result of the high demand for this category of products. Moreover, it is important to underline that following the investment, Norofert will become the largest producer of this category of product in Romania. All competing products are imported, and considering long transit times, this has a direct negative impact on their availability to clients and level of sales. Having a soil fertilizer production line in Romania, Norofert will have a unique competitive advantage over all the other players present in Romania.

The necessary capital for this investment is 280.000 EUR for the production line, with an additional 150.000 EUR for raw materials that will ensure the necessary production for two agricultural seasons. The modifications necessary for housing this production line in Filipeștii de Pădure will cost approximately 30.000 EUR and the total surface occupied by it will be around 950 sqm in the main production warehouse.

ii. Increase of the capacity and quality of the effervescent tablet production line

Despite the worldwide COVID-19 pandemic, the establishment of Norofert USA, LLC subsidiary in the state of Ohio as well as the homologation of the first products on the US market was finalized in the first part of 2020. The Norofert products are currently available for purchasing in the US and the marketing campaign with corn demo in the state of Ohio begun in September 2020. Effervescent tables are expected to be the star product of Norofert USA, LLC and the management expects it will represent a significant portion of sales on the US market in 2021. Therefore, the management considers it important to increase the capacity and quality of the effervescent tablet production line in Filipeștii de Pădure, where the tablets for the US market will be produced in the first phase. In the second phase, once Norofert establishes a solid presence on the US market, the production will move to the state of Ohio.

iii. Working capital

Any remaining capital from the capital increase operation will be directed to purchasing raw materials, as well as, if needed, financing customers during the Spring and Autumn 2021 campaign.

3. The authorisation of the Board of Directors for the set up of the characteristics of the share capital increase and its unwinding

The third item on the agenda provides for the authorisation of the Board of Directors for the set-up of the characteristics of the share capital increase as well as its unwinding, including, but not limited to:

- a. the period of subscription and means of payment;
- b. details regarding the trade of pre-emption rights on the relevant market of BSE;
- c. setting the means for the unwinding of the private placement (via direct transfer or via the trading system of BSE);
- d. the annulment of the unsubscribed shares;
- e. the amendment of the Articles of Association following the acknowledgement of the results of the share capital increase;
- f. any other necessary decision to implement the resolution of the share capital increase via a capital contribution in cash of point 2 on the agenda.

Such empowerment is subsequent to the share capital increase provided for at point no. 2, as it is necessary from a procedural point of view in order to enable the surpass of any obstacle that may occur when accomplishing such resolution of the general meeting of the shareholders.

4. The necessity of the delegation of share capital increase attributions, with the withdrawal of the pre-emption right

With respect to the Stock Option Plan for the 2020-2022 term and in order to issue shares in favour of the employees and administrators of the Company exclusively, the delegation of attributions for the share capital increase is necessary, together with granting the Board of Directors the competency to decide the restriction or the withdrawal of the pre-emption rights of existent shareholders at the date of the respective share capital increase, according to art. 87 of the Law no. 24/2017. The withdrawal of the pre-emption right, in the conditions provided by the law, shall be decided by the general meeting in accordance with the quorum and majority conditions requested by law.

The delegation for the share capital increase, via one or more issuance(s) of shares, for a period of 3 years is proposed, within the limit of RON 802,394, i.e. 2,005,985 shares with a nominal value of RON 0.4/share which represents 25% of the share capital at the date of the EGMS resolution, with the aim of unwinding the programs of stimulation and loyalty

of key persons or employees and to finance the acquisition of new businesses by using as little financial resources of the company as possible.

The delegation shall exclusively be made for the share capital increase with the previously mentioned aims and in the previously mentioned conditions and the competency to decide the restriction or the withdrawal of the pre-emption rights of existent shareholders at the date of the respective share capital increase, according to art. 87 of the Law no. 24/2017, is granted to the Board of Directors for each share capital increase up to the limit of the authorised capital.

It must be noted that, under the circumstances of new share capital increases that may occur up to the date of the Stock Option Plan, the number and quotes of the shares cannot be known at that date. That is why the competency for the share capital increase has to be delegated for a larger number of shares than that which would result at the present date by applying the 2% on the share capital. It would also be possible for a fast share capital increase to be desired, made via a contribution from an institutional investor, such as an investment fund or other investors, within the 3 years. Such share capital increase is possible without unjustified dilution of current shareholders, as art. 87 par. 2 and 5 of Law no. 24/2017 in connection with art. 174 of the Regulation no. 5/2018, which ensure a fair treatment for current shareholders provide that:

“The number of shares that shall be issued in the event of share capital increase via cash contribution and with the withdrawal of the pre-emption right or in the event of share capital increase via in kind contribution is determined by the Board of Directors of the issuer and it is equal to the ratio between the value of the contribution, determined with the observance of the respective provisions, and the highest of the following values:

- a) the average price moderated trading price of the 12 months previous to the date of the EGMS;*
- b) the value per share calculated on the basis of the accounting net asset value of the last published and audited financial statements of the issuer.*
- c) the nominal value of the share”*

22.10.2020

**Chairman of the Board,
Popescu Vlad Andrei**