



Norofert S.A.
Report of Board of Directors for 2020

ANNUAL REPORT IN ACCORDANCE WITH	ANNEX 15 FROM ASF REGULATION NR. 5/2018
FOR FINANCIAL PERIOD	01.01.2020 - 31.12.2020
ISSUER'S NAME	NOROFERT S.A.
REGISTERED OFFICE	STR. PETRACHE POENARU NR. 26, ROOM 8 BUCHAREST, SECTOR 5
PHONE NUMBER	+40 721 461 289
FISCAL CODE	12972762
TRADE REGISTRY NUMBER	J40/4222/2000
MARKET ON WHICH THE SECURITIES ARE TRADED	SMT SEGMENT OF THE BUCHAREST STOCK EXCHANGE
SUBSCRIBED AND PAID-UP SHARE CAPITAL	3,209,576 LEI
KEY CHARACTERISTICS OF THE SECURITIES ISSUED BY THE COMPANY	8,023,940 ACȚIUNI CU O VALOARE NOMINALĂ DE 0.4 RON
SYMBOL	SHARES: NRF BONDS: NRF25
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Table of Contents

Letter from the CEO	4
I. Analysis of the Issuer's Activity	6
1.1 Date of the Establishment of the Issuer	6
1.2 Description of the Basic Activity of the Issuer	7
1.3 Description of any significant merger or reorganization of the issuer, its subsidiaries or companies..	9
1.4 Description of acquisitions and/or alienation of assets	10
1.5 Description of the main results of the issuer's activity	10
1.6 Evaluation of the technical level of the issuer	15
1.7 Evaluation of the technical-material supply activity (indigenous sources, import sources)	16
1.8 Evaluation of the sales activity	17
1.9 Evaluation of the Issuer's staff	19
1.10 Evaluation of the issues related to the issuer's impact on the environment	20
1.11 Evaluation of the R&D activity	20
1.12 Evaluation of the issuer's activity related to risk management.....	20
1.13 Perspective elements regarding the Issuer's activity	24
II. Issuer's Tangible Assets	26
2.1 Information about the location and characteristics of the main production capacities owned by the issuer	26
2.2 Information about the degree of wear and tear of the issuer's properties	26
2.3 Information about the potential issues related to the property rights over the issuer's tangible assets	27
III. Market of the Issuers' securities	28
3.1. Specification of the markets in Romania and abroad where the securities are issued	28
3.2. Description of the issuers dividend policy.....	28
3.3. Description of any activities of the issuer related to purchasing own shares	29
3.4. Information about the subsidiaries of the issuer	29
3.5. Information about the bonds and/or other debt securities of the issuer	29
IV. Issuer's Management.....	30
4.1. Presentation of the issuer's administrators	30
4.2. Presentation of the issuer's executive management team	32
V. Financial Situation	34
5.1. Balance Sheet	34
5.2. Profit & Loss Account.....	36
5.3. Cash-flow	38
VI. Signatures	39

Letter from the CEO

Dear Shareholders,

We are publishing this report one year since the onset of the COVID-19 pandemic in Romania. A year in which we have seen many times how the way we see and do business in the modern world is tested, from moving the business online to adapting the business to cope with the spread of this virus.

It must be said that another kind of virus hit Romanian agriculture in 2020. The severe drought, unprecedented in the last 25 years, has hit hard an already tested sector of the Romanian economy by the lack of liquidity and the impossibility of major investments and significant areas of interest such as irrigation. It was a year in which we saw very large areas of crops, around 80-90% affected by the drought, powerless farmers in the face of the heat wave and lack of rainfall. It was the year in which the word "irrigation" was on everyone's lips and only those who managed to budget 5-10 years ago pivots, drums and restoration of irrigation canals had a major gain from the lack of crops in the market. I think that the year 2020 meant a reset in the thinking of all actors in agribusiness. The investments that will be made starting with 2021 will be directed more and more towards technology, digitalization of agriculture and the rationalization and distribution of water in large crops in Romania.

We are on top of a very good wave, represented by the Green Deal proposed by the European Union. We see a growing focus on organic farming and financial and legislative encouragement from the EU will bring organic farming into the mainstream of agribusiness, as the number of farmers moving to organic farming practices increases. The goal of 25% of the organically cultivated area in the coming years throughout the EU is optimistic and makes us look with optimism at the development potential of Norofert in the coming years.

We are very happy that we managed to overcome a year like 2020, whether we are talking about the drought or COVID-19. It was a year that seriously challenged the way we approached agribusiness. We started to see the first signs of difficulty in the field since March and we acted quickly by introducing to the market a product that keeps moisture in the soil for longer, allowing plants to increase their chances of survival during drought. We had at the harvest confirmation that the step was correct and the timing was perfect, with farmers harvesting grain in larger quantities and with better specifications. A new advantage of organic products emerged from the tests we did in the field in 2020: in times of drought, products based on microorganisms and ingredients of natural origin do not subject the plant to stress, allowing it to cope with the effects of drought. better than a culture treated with chemical products. Also, we have already continued the usual demonstration lots and we intend to keep the trend in the coming years as we notice that are the best business card of our company.

It was also the year when, more than ever, we supported our clients through flexible financing solutions and more important than anything: understanding. The cases of total calamity, although not few, were treated individually and analyzed by the Risk Department, offering clients staggered payment solutions. We are sure that this helping hand given to farmers in difficult times will turn them into loyal customers, as we begin to see in the spring of 2021.

In terms of investments, we are pleased to say that they have continued and focused on improving production and storage capacities but also on training and expanding the sales and technical team. The steps taken in 2020 to finance and purchase the high-capacity soil fertilizer line will bear fruit in 2021 when it will be operational, and we will be able to complete Norofert's product portfolio.



We are also proud of the progress made in the United States, where Norofert USA LLC was founded in the state of Ohio and where we already have a range of 6 products approved for use in several states. The demo lots we set up were the first step in demonstrating the effectiveness of Norofert products in the US. We have continued our marketing efforts especially on distributors and our first sales agent in the USA is working in the field to make our products known. It is certainly an ambitious, long-term project with high expectations from investors.

From the point of view of the capital market, we have seen a spectacular growth, due to the trust that retail investors have in the company. We will mark March 3, 2020, the day of our listing on the AeRO market, in the calendar of important events in the history of Norofert. Although the beginning coincided with the beginning of the pandemic in Romania and the entire market suffered, we believe that the return trend helped to propel the spectacular price of the stock.

I invite you to go through the below Report for 2020 and to read in detail about how the agricultural year went and the impact it had on our financial data. If you have any questions or suggestions about how we report, please feel free to contact us for more explanations. You can contact the IR team at the email address investitori@norofert.ro or contact me directly at the email address vlad.popescu@norofert.ro.

Thank you for being by our side!

Vlad Andrei Popescu

I. Analysis of the Issuer's Activity

1.1 Date of the Establishment of the Issuer

Norofert SRL was established in 2000 in Bucharest by Florin Popescu, as a first importer and distributor of advanced technology fertilizers, in Romania. The company initially specialized in the distribution of foliar fertilizers originating from Norway, the Netherlands, Germany and the USA, being the sole distributor for producers such as Yara, Kali und Salz and Rio Tinto. In 2009, Norofert approached the Romanian organic farming sector, which was at an embryonic stage at the time, and became the key promoter in the market of fertilizers and phytosanitary products for large organic crops. In 2010, Norofert Eco SRL was established, a company that became the first distributor in Romania of ecological inputs from Spain, Germany and the United States. Between 2010 and 2015, distribution activities continued to further grow. In 2015, Florin Popescu was forced to withdraw from the business, and Vlad Popescu, his son, took over the management of the company.

In 2016, Norofert officially became the first Romanian supplier and producer of fertilizers and complex treatments needed in organic farming. With the support and collaboration of national research institutes, Norofert has developed a line of four products corresponding to the imported products until 2015, but with improved formulas and adapted to the specific conditions of the Romanian agriculture. In the same year, Norofert opened its first factory of fungicides, insecticides and organic fertilizers in Romania, serving the needs for of the Romanian ecological farmers in Filași, jud. Dolj.

Between 2016 and 2018, the company experienced a period of accelerated growth as a result of the development of its own innovative technology called "BioChain", which involves the exclusive and synergistic use of raw plant materials, animals, bacteria and microorganisms in the production process. In 2017, along with the bio-fertilizers, Norofert offered a full line of environmentally friendly plant protection products such as insecticides, fungicides, seed treatments and foliage treatments. The results exceeded of the farmers who have used Norofert products in the course of 2017 have exceeded the expectations for wheat, maize, sunflower, rape and soybean crops, which has in turn increased the reputation and visibility of Norofert brand. Norofert then continued to develop the product line, with the number of developed products reaching 12. The change of position and strategy was also reflected in the evolution of the main performance indicators, the volume of turnover reaching, in 2018, a level 7 times higher than the one reported at the end of 2015, while the net profit margin increased from 9.58% in 2015, to 41.02% in 2018.

With special resonance in the profile press and on the targeted market, 2018 marked the launch of all Norofert products in the form of an effervescent tablet. By replacing the classic granular or liquid format, the effervescent tablet eliminates the risk of high temperature alteration, extends the shelf life up to 10 years and reduces the storage and transport requirements – with all these benefits having a revolutionary impact on the Romanian organic farming sector. In the 18th year of its presence on the market, Norofert went through a process of rebranding, a vehicle for the new revolutionary product lines and became an exclusive producer of inputs for organic farming.

In May 2019, Norofert announced the launch of a line of 8 new FITO products, for small farmers and hobby gardening activities. For the purpose of promoting and distributing the Fito line, the company has signed partnership agreements with RepublicaBIO.ro for online sales and RODBUN and Agrii, for its distribution in phytopharmaceutical networks with national coverage.

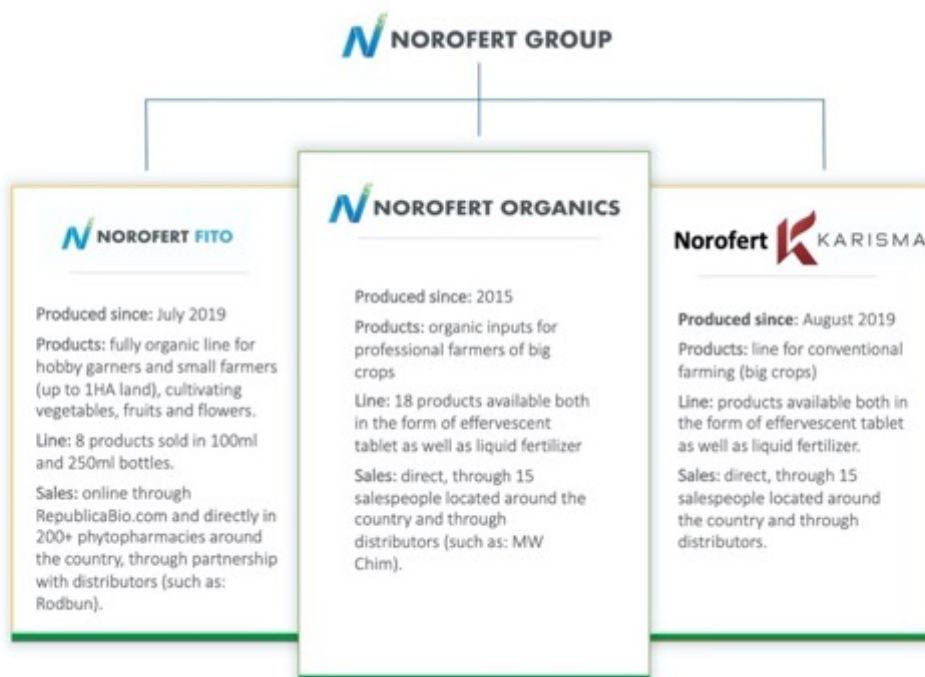
Same year, in 2019 Norofert made the decision to increase the company's share capital followed by the listing on the Bucharest Stock Exchange on the multilateral trading system - SMT. During the private placement of shares that took place in July 2019 the company attracted capital of 7.125 million lei, while the offer enjoyed a high interest from the investors, closing after only 8 hours. Following the private placement, in August 2019, Norofert introduced a new product line for conventional agriculture, called Karisma, which consists of fertilizers and an insectofungicide, produced both in liquid form and in the form of effervescent tablets. With the Karisma line,

Norofert entered the conventional agricultural market, which has a current size of 9 million hectares of arable land in Romania.

1.2 Description of the Basic Activity of the Issuer

With an agro-tech profile, Norofert develops and produces its own inputs for organic and (from August 2019) conventional agriculture. In addition to the range of 60 different products, grouped into 3 main lines, the company designs customized formulas and optimization schemes that allow the adaptation of organic inputs to the specific needs of the crop depending on the soil, atmospheric conditions and the particularities of each crop.

Currently, Norofert produces fertilizers and agricultural inputs that are available on the market under 3 different brands: Norofert Organics – inputs for organic farming (large crops), Karisma – inputs for conventional agriculture (large crops) and Norofert Fito – fertilizers and phytosanitary products for home gardening and small farmers. Below are the details of each line:



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

NOROFERT ORGANICS – INPUTS FOR ECOLOGICAL AGRICULTURE (LARGE CROPS)

Norofert presents a complete catalogue of products developed in its own laboratories, which comply with all European standards for organic farming and can cover all the needs of organic crops, such as seed treatments (insecto-fungicides), foliar fertilizers, fungicides, insecticides, biostimulators and soil fertilizers, as well as limiting the absorption of heavy metals in vulnerable plants. The company produces a wide range of the following types of products:

- fertilizers - substances applied to the soil or to the tissue of the plant to supply the one or more nutrients essential for optimal plant development: foliar fertilizers dedicated to crop categories, solid fertilizers granulated for application to the soil, but also germination biostimulators for seeds;

- insecticides - substances that play a role in pest control - insects: insect-fungicidal treatments for seeds, insecticides specifically dedicated to pest categories;
- fungicides - organisms processed with role in exterminating parasitic fungi and their spores, preventing crop degradation: specifically, dedicated fungicides, by disease categories;
- seed insecto-fungicides treatment - antimicrobial or fungicidal solution in which the seeds are treated prior to planting to combat seed-borne diseases. This process reduces the amount of pesticides subsequently needed, with a positive impact on the environment;
- foliar treatments - the method of feeding the plant by applying a fertilizer directly on its leaf, allowing the absorption of the essential nutrients;
- other products for specific needs, such as adjuvant for rapid synthesis, straw decomposition products, water acidity level adjustment or heavy metal removal products, etc.



The catalogue with all the products from Norofert Organics line can be [here](#).

Apart from standardized organic formulations, Norofert is also specialized in the area of production and research of organic inputs. Norofert's experts help farmers maximize their production with the help of their customized formulas that take into consideration the specificities of the individual crops as well as the soil components, atmospheric conditions and other factors, including rodents or pests that are endangering the harvest in the given time period and area.

The process of preparing customized fertilizers consists of the following steps and is based on specific requests:

- Soil analysis, collected by Norofert experts and inspected at the company's laboratories;
- Detailed analysis of what the specific plant / crop needs in order to grow and develop;
- Analysis of the atmospheric conditions as well as the local environment;
- Preparation of the unique formulation and its production either in the tablet or liquid form;
- Delivery of the ready to use products to the client, together with application instructions.

NOROFERT ORGANICS HORTICULTURE

During the first edition of Norofert Investor Day in June 2020, the company's management announced the launch of a new line of organic inputs for fruit and viticulture, called Norofert Horticulture. The new product line covers all the needs of farmers working in viticulture and fruit growing. The line takes into account all European rules on cross-compliance and environmental protection, as well as the revolutionary decision banning the use of neonicotinoids in agriculture. The entire range can be used in both organic farming and conventional agriculture, as the products are made from the highest quality raw material and superior non-GMO genetic material. The potential of this line is significant, as it is primarily dedicated to the cultivation of European Union-funded vegetable and fruit orchards and farms, and management expects this line to generate attractive profits for the group in the coming years.

NOROFERT FITO – HOBBY GARDENING LINE

In July 2019, Norofert launched Norofert FITO – a line designed especially for small farmers and hobby gardeners who cultivate vegetables, fruits and flowers in small, non-commercial quantities (up to 1 hectare of land per crop), a convenient market segment because of more favourable payment terms and more frequent seasonal cycles.

Norofert's management has identified a significant demand for this niche, which is sold through phytopharmaceutical chains as well as online. The FITO line currently consists of 8 organic products and includes bio fertilizers, insecticides as well as well fungicides that can be followed thorough the whole plant cycle, in order to ensure its full health. FITO is Norofert's first line of products that is available for purchasing to the general public, in quantities ranging between 100-250 ml per product. For the promotion and distribution of this line, Norofert HAS signed partnership agreements with www.RepublicaBIO.ro for online sales and, respectively, with

RODBUN and Agrii, some of the largest players in the agribusiness market, for the distribution in their own phytopharmaceutical networks with national coverage.

All the Norofert Fito line products can be purchased from [here](#).



NOROFERT KARISMA – INPUTS FOR CONVENTIONAL AGRICULTURE (LARGE CROPS)

In August 2019, Norofert introduced a new product line for conventional agriculture, called Karisma, which consists of fertilizers and an insecto-fungicide, produced both in liquid form and in the form of effervescent tablets. With the Karisma line, Norofert has entered the conventional agricultural market, which has a current size of 9 million hectares of arable land in Romania. The launch of the Karisma line was a strategic move for Norofert, as it helps the company build relationships with important farmers who are currently growing conventional but who, in the medium term, can convert to organic farming and become customers for the Norofert Organics line.

Following the very good results obtained by farmers in conventional agriculture with Norofert's organic products, the company has decided to create a hybrid technology that combines the organic element with the chemical one, thus materialized in a new line of products, which was based on classic formulas currently found in the market. Therefore:

- simple nitrogen fertilizers have been transformed into complex fertilizers that combine nitrogen, organic amino acids, fulvic and humic acids - Karisma N;
- simple boron fertilizers have been transposed into complex fertilizers with boron, amino acids, auxins and cytokines, plant enzymes, etc. - Karisma Bor;

The KARISMA line covers the entire spectrum of nutrition and prevention against pests and diseases that can occur in large crops of wheat, corn, sunflower, rape, flax, soybean, etc.



In addition to the portfolio of 5 foliar fertilizers, Norofert also launched, in the second half of 2019, KARISMA IF, an insecto-fungicide, a product destined for large crops under conventional system, with a new and different mode of action compared to the conventional pesticides on market. Also, considering the formulation of the KARISMA IF product, large volumes of sales are expected for this product because it is not part of the neonicotinoid class, meaning it can be sold even during the flowering period of the crops, when most chemical insecticides are prohibited. Another important aspect of Karisma IF is that it does not affect bees.

The direction of development towards conventional agriculture using raw materials of natural origin is a trend just at the beginning, but with very good results due to the different mode of action versus the classic pesticides, to which diseases and pests have developed resistance over the years.

The catalogue with all the products from Karisma line can be found [here](#).

1.3 Description of any significant merger or reorganization of the issuer, its subsidiaries or companies

The activity of the companies is split into 4 entities, with Norofert SA being the mother company. Norofert Organics and Norofert Fitofarma are Romanian Limited Liability Companies (SRL), with Norofert SA holding 99% and Vlad Popescu, CEO and President of the Board, having 1%. Norofert USA, LLC is an Ohio Limited Liability

company, established in April 2020 as part of Norofert's expansion strategy to the USA. The shareholding structure of Norofert USA is the same as in the case of other daughter companies.

Norofert USA, LLC had no sales activity in 2020. Therefore, the results of Norofert USA, LLC are not included in the consolidated financial statements. The associated costs with creating and maintaining the company are supported by Norofert SA, and these costs are included in the individual result of the listed entity. Starting from 2021, Norofert USA, LLC results will be included in the consolidated performance.



1.4 Description of acquisitions and/or alienation of assets

At the end of June 2020, Norofert permanently closed the production facility in Filași, Dolj County, and moved the production line for the Norofert Fito range to the Filipeștii de Pădure factory. The measure, which will help the Group increase efficiency and optimize operating costs, was previously announced by Norofert in its 2019 financial report.

The total value of fixed assets acquired during 2020 in order to carry out production activities in the factories from Filipeștii de Pădure and Filași was 786,216 lei net.

1.5 Description of the main results of the issuer's activity

CONSOLIDATED FINANCIAL PERFORMANCE

Norofert Group's operating revenues increased by 111% in 2020, the turnover increasing by 64%, up to 24.3 million lei. The Group's constant sales efforts, investments in demonstration lots with a high conversion rate of approximately 85%, the growing notoriety on the Romanian and international market, as well as the constantly growing offer of Norofert products, contributed considerably to the results obtained in 2020.

In addition to the increase in turnover, a significant increase in inventories also contributed to the increase in the Group's operating income. The year-on-year increase (y-o-y) of 5,811% was determined by a new approach to the management of orders received. Consequently, at the end of 2020, the company had a significant stock of products that were either pre-ordered by customers or represented the approximate number of orders predicted by the company. The inventory consists mainly of organic packages for the spring 2021 campaigns, as well as conventional packages for sowing corn and sunflower. The change from a negative to a positive value within one year is the result of a fully operational production line and increased storage capacity. Thus, the company has a new approach to the production of inputs in time to deliver the final products as soon as the order is placed, thus reducing delivery time and increasing customer satisfaction.

Profit and loss account indicators (RON) - consolidated at group level	31/12/2019	31/12/2020	Evolution 12M (%)
Operating income, out of which:	14,798,106	31,183,917	111%
Turnover	14,859,551	24,337,595	64%
Change in inventories	(106,655)	6,091,152	5811%
Other operating Revenues	45,210	715,170	1482%
Operating Expenses, out of which:	9,511,107	20,674,274	117%
Cost of Materials, out of which:	5,209,635	9,534,198	83%

Personnel Expenses	1,964,869	4,333,997	121%
Depreciation expenses and value adjustments	(124,006)	1,108,851	994%
Other operating expenses	2,460,609	5,697,228	132%
Operating Result	5,286,999	12,190,379	131%
Financial Income	34,489	226,472	557%
Financial Expenses	110,399	3,392,782	2973%
Financial Result	(75,910)	(3,166,310)	4071%
Gross Result	5,211,089	7,343,333	41%
Profit tax/other tax	588,672	1,397,212	137%
Net Result	4,622,417	5,946,121	29%

Operating expenses increased in line with operating income, as the year-on-year evolution increased by 117%. The highest costs recorded in 2020 were with expenditure on materials and goods in the context of growing demand for Norofert products and increased production. With a higher production capacity, the company has a higher bargaining power; therefore, orders are significantly higher and short-term unused materials are stored. Consequently, the position of raw materials in the balance sheet increased by 220% reaching 1.3 million lei at the end of 2020, while the cost of raw materials increased by 398%, reaching 2.8 million lei.

The cost of the goods included a single event, a stock adjustment of 1.6 million lei registered with a subsidiary - Norofert Organics. This inventory difference was recorded in H1 2020, as previously reported in the financial report as of 30 June 2020. The remaining amount represents orders for goods produced by third parties, such as nitrates, which the company buys for resale to loyal customers, through special packages. Purchasing third-party goods and including them in packages is a way to improve cash flow, as this commodity sells faster and will be paid for earlier than standard packages, thus improving the financial situation between seasons. All goods produced by third parties are generally sold quickly by the end of the season.

Personnel expenses increased by 121%, reaching 4.3 million lei in 2020 due to the increase of the team. As of December 31, 2020, the Group had 41 employees, an increase of 28% compared to 32 employees at the end of 2019. Other operating expenses increased by 132% year on year, reaching 5.6 million lei in 2020. The increase in other operating expenses is primarily due to business development, especially higher rental costs (to accommodate a larger team), higher transportation costs (caused by increased sales associated with a higher number of higher protocol and advertising costs, as well as the increased cost of third-party services, dictated by the larger size of the business and expansion in the US, hence the need for more complex consulting services.

The operating result for 2020 was 12.1 million lei, double compared to 2019. Financial expenses increased significantly, by 2,973% reaching 3.4 million lei. Of this amount, approximately 1 million lei represents the interest expenses related to the issue of corporate bonds NRF25. Approximately 2 million lei were the financial discounts applied to the clients' orders for the situations in which they paid within the agreed term. These discounts were recorded as financial costs.

Being a company active in the agricultural sector, Norofert must grant significant discounts for the sale of its products - the standard discounts in the Romanian agricultural sector can even reach 50% of the initial value of the product. By 2020, the company has issued invoices to some of its customers for the full amount, noting that if it falls within the payment deadline, the discount will be applied to the original invoice. Starting in 2021, the company has managed to apply a different way of invoicing, so that the financial cost is reflected in a more appropriate way, and the discounts granted to customers are no longer visible in the profit and loss account.

Despite the increase in financing costs, the Group ended the year with a gross result of 7.3 million lei. The taxes due increased proportionally with the turnover, registering an increase of 137%. The group ended 2020 with a net result of 5.9 million lei, an increase of 29% compared to last year.

INDIVIDUAL FINANCIAL PERFORMANCE

Profit and loss account indicators (RON) – individual	31/12/2019	31/12/2020	Evolution 12M (%)
Operating income, out of which:	14,608,428	30,576,109	52%
Turnover	14,670,599	24,923,735	41%
Change in inventories	-107,382	4,937,204	102%
Other operating revenues	45,211	715,170	94%
Operating Expenses, out of which:	11,082,712	18,917,599	41%
Cost of Materials, out of which:	7,864,981	9,119,362	14%
Personnel Expenses	1,459,853	3,751,798	61%
Amortization and depreciation	(252,111)	780,820	132%
Other operating expenses	2,009,989	5,265,619	62%
Operating Result	3,525,716	11,658,510	131%
Financial income	34,488	226,472	85%
Financial Expenses	89,452	3,309,589	97%
Financial Result	-54,964	-3,083,117	98%
Gross result	3,470,752	8,575,393	60%
Taxes	543,571	1,383,417	61%
Net Result	2,927,181	7,191,976	59%

CONSOLIDATED FINANCIAL POSITION

Of the total assets, approximately 6% were fixed assets, respectively the equipment and machinery of the Filipeștii de Pădure factory. The remaining 94% were current assets - mainly receivables, followed by inventories. Receivables amounted to 26 million lei at the end of 2020. In Q4 2020, the company managed to collect receivables in the total amount of approximately 4 million lei, the equivalent of the turnover generated in that period. Receivables of approximately 2 million lei were staggered and collected in January and February 2021, through Annexes with the respective clients. The difficult situation in agriculture in 2020 led to delays in payment in all agribusiness in Romania. Compared to the performance in 2019, the situation with receivables has improved. The company will continue to improve its debt situation by implementing an even stricter lending policy and accessing banking products such as factoring or credit lines secured by receivables.

Stocks increased by 61% as the company continued production until Q4 2020 to meet demand for the 2021 spring campaign, which began in January 2021.

Balance sheet (RON) - consolidated at group level	31/12/2019	31/12/2020	Evolution 12M (%)
Fixed Assets	2,083,592	2,590,398	20%
Current Assets, out of which:	24,658,333	38,742,444	36%
Inventories	4,830,478	12,448,341	61%
Receivables	18,981,863	25,945,445	27%
Cash and cash equivalents	845,992	348,658	-143%
Pre-paid expenses	59,218	26,170	-126%
Total assets	26,801,143	41,359,012	35%

The Group's total liabilities increased by 50%, primarily due to the increase in long-term debt as a result of the issuance of corporate bonds in January 2020 amounting to 11.5 million lei and bank debts 2020 amounting to 1.6 million lei . On the other hand, current debts decreased by 14%, reaching 8.6 million lei. The decrease was primarily due to a 46% reduction in debts to third party suppliers and a 75% reduction in bank debt. However, the decrease was offset by an increase in other debts, which increased by 59%, reaching 2.5 million lei.

Balance sheet (RON) - consolidated at group level	31/12/2019	31/12/2020	Evolution 12M (%)
Current liabilities	9,925,234	8,674,089	-14%
Long-term debts	1,011,265	13,083,125	92%
Income in advance	21,322	36,156	41%
Total Liabilities	10,957,821	21,793,370	50%
Equity	15,843,322	19,565,642	19%
Total equity and debts	26,801,143	41,359,012	35%

The company's own capitals increased by 19% compared to 2019, reaching 19.5 million lei, the growth being mainly fueled by the capitalization of profits in 2019.

Balance sheet (RON) - at individual level	31/12/2019	31/12/2020	Evolution 12M (%)
Fixed assets	908,433	1,729,772	90%
Current Assets, out of which:	19,864,539	34,488,757	75%
Inventories	2,646,034	10,710,127	305%
Receivables	17,092,358	23,655,106	38%
Cash and cash equivalents	126,147	123,524	-2%
Pre-paid expenses	48,309	18,607	-61%
Total assets	20,821,281	36,237,136	74%
Current Liabilities	10,475,029	9,323,344	-11%
Long-term debt	127,980	11,712,510	9052%
Income in advance	21,322	36,156	70%
Total liabilities	10,624,331	21,072,010	99%
Equity	10,196,951	15,165,126	49%
Total equity and debt	20,821,282	36,237,136	74%

THE MAIN ECONOMIC-FINANCIAL INDICATORS

The liquidity and solvency indicators place Norofert significantly above the comfort threshold, reflecting an excellent level of the company's ability to hedge current debts on current assets. The low and declining value of long-term debt, the decreasing share of total liabilities, shows, at the same time, a high level of the issuer's self-financing capacity and, respectively, of the ability to pay its obligations on account of equity, respectively of its assets.

Liquidity and solvency indicators – individual level for Norofert SA:

<i>Indicators</i>	<i>Formula</i>	<i>31.12.2019</i>	<i>31.12.2020</i>	<i>Reference intervals</i>
OVERALL / CURRENT LIQUIDITY	Current assets / Current liabilities	1.94	1.79	>2 / 1.5
IMMEDIATE LIQUIDITY	Current assets – Stocks / Current liabilities	1.68	1.23	>1 / 0.8
CASH RATIO	Availabilities / Current liabilities	0.01	0.01	>0,8 / 0.5
OVERALL SOLVENCY	Total assets / Total liabilities	1.96	1.63	>1
NET WORTH SOLVENCY	Equity / Capital Employed*100	0.97	0.99	>30%
DEGREE OF INDEBTEDNESS	Borrowed capital / Capital Employed*100	3.3%	11.39%	<50%
INDEBTEDNESS RATIO	Total liabilities / Total assets*100	50.9%	60.99%	<80%

The level of risk expressed by the extent to which the company can cover financial obligations to third parties on account of its assets is also significantly reduced, below the maximum reference threshold.

Profitability indicators - individual level for Norofert SA:

<i>Profitability indicators</i>	<i>Formula</i>	<i>31.12.2019</i>	<i>31.12.2020</i>
OPERATING PROFIT MARGIN	Operational result / Revenue*100	24.0%	34.40%
NET PROFIT MARGIN	Net Profit / Revenue *100	20.0%	28.85%
FINANCIAL PROFITABILITY MARGIN	Net Profit / Equity*100	28.7%	47.42%
RETURN ON CAPITAL EMPLOYED	Net Profit / Capital Employed*100	27.8%	26.75%

MARKET SHARE

In a market of organic fertilizers valued at 10-12 million euros, Norofert has an approximate market share of 30%, estimated by reporting the number of hectares of organic crop for which the need for phytosanitary / organic fertilizer was covered by Norofert sales to the total number of hectares of agricultural crop to which organic inputs are applied. According to the expectations of Norofert's management, the increase of production capacity and the sale of organic soil fertilizers will mean the consolidation and amplification of the competitive position.

In Romania, there are three important local producers of inputs for organic farming, BHS Bio Innovation S.R.L., Organic Fertilplant S.R.L. and Norofert S.A. Norofert's target market is, however, approached to a large extent by foreign producers through importers and local distributors of both organic and conventional inputs, such as Naturevo SRL, Biochem SRL, Elliser Agro SRL or exclusive distributors of organic plant protection products such as Sirio Organic SRL.

Although Norofert is a leader in the organic fertilizer market in Romania, it has little recognition on the conventional agricultural market, where its Karisma line must compete with both local and international companies, including important players, such as Lebosol or Intermag Poland.

Norofert's competitive advantages on the profile market are:

- Fair prices, aligned with the conventional market;
- Long-term credit (180 - 280 days);
- Full range of products;
- Innovative products;
- National coverage through partner distributors;
- Immediate availability of products;
- Delivery in 24-48 hours through specialized services;
- Possibility of purchasing from the customers a part of the production in compensation with the debt;
- Integrated pre / post sale services;
- Specialized consultancy, both in the agricultural technical field and in the matter of legislation;
- Affiliation to professional associations in the field;
- Brand and product awareness.

EXPORT

On July 31, 2020, Norofert SA, received the Pesticide Registration Certificate issued by the Department of Agriculture of Ohio, USA, Pesticide Regulatory Division for the Plant Industry. The document certifies that four products from the Norofert range were registered for which registration fees were paid and therefore the sale and distribution of these products in the State of Ohio was authorized between 1.07.2020 and 30.06.2021. Subsequently, two other Norofert products were registered - Ready Made and Terra Clean The total of 6 organic products, fertilizers and pesticides registered in the state of Ohio are: ALPHABILL, BUSTER, RISESEED TS and ROOFTOP, Ready Made and Terra Clean - all 6 specially developed by Norofert for the American market. Obtaining registration in the state of Ohio, where the subsidiary Norofert SA was established is an important step in the expansion process in the USA. Norofert management expects to sell these first six products in the state of Ohio during the spring 2021 agricultural campaign.

1.6 Evaluation of the technical level of the issuer

The main market for Norofert products in 2020 was Romania, with different distribution channels for each of the 3 business lines. The Organics and the Karisma lines reach large agricultural farms through Norofert sales agents. Karisma line targets a very crowded market for similar products and is making considerable efforts to distance itself from the competition through packaging, formulations and pricing policy. The Fito range is distributed through phytopharmaceutical chains, approximately 400 locations (Agrii and RodBun) and online retailers (republicabio.ro).

The production of agricultural inputs during 2020 evolved as follows:

<i>Production Volumes (in liters)</i>	<i>2019</i>	<i>2020</i>
FERTILIZERS	120,000 l (liquid)	165,175 l (liquid)
INSECTICIDES	30,000 l	54,901 l
FUNGICIDES	29,000 l	34,889 l

Regarding sales by product categories, they present as follows:

<i>Sales per Product Category (% of total sales)</i>	<i>2019</i>	<i>2020</i>
FERTILIZERS	40%	38%
INSECTICIDES	20%	21%
FUNGICIDES	20%	21%
SEED TREATMENT	9%	7%
SPECIAL PRODUCTS	1%	3%
GRANULATED SOIL FERTILIZERS	10%	10%

1.7 Evaluation of the technical-material supply activity (indigenous sources, import sources)

The raw material used by Norofert for all product ranges has a 70/30 ratio in favor of local supplies. Apart from the materials that are impossible to manufacture or extract in Romania (such as: vegetable amino acids from soy, phosphate rock or potassium sulphate), the rest of the raw materials are produced by Norofert, through a multiplication of 12 types of microorganisms.

Price fluctuations for the main imported raw materials are not significant, as they are not considered as commodities. There is an average fluctuation of +/- 5% in the last 5 years for amino acids or phosphate rock.

The raw materials are purchased 3 months before the beginning of the agricultural season to allow a comfortable production time. According to forecasts, the production flow is adapted and products covering 70% of the forecast are introduced into production. During the campaign, depending on the pedo-climatic conditions and / or attacks of pests or diseases, spot orders are made, mainly of phytosanitaries.

The main suppliers of conventional seeds and pesticides, used for the sale of technological packages with foliar fertilizers are local importers and distributors. Norofert has not developed a dependent relationship with a single supplier, and the classification below varies from year to year. The company chooses its suppliers primarily based on the quality of the products, but also on the competitive price-quality ratio, which ensures the maintenance of the integrity of Norofert formulas.

The first 5 most important suppliers, based on the weight in the total value of orders in 2020, are:

<i>Nr.</i>	<i>Suppliers name</i>	<i>Weight (%) in the total value of orders</i>
1.	UNIGRAINS TRADING	8%
2.	AZOCHIM	7%
3.	STERA CHEMICALS	6%
4.	MOVING FERT EGYPT	5%
5.	AGROCHEM SOLUTIONS	4%

1.8 Evaluation of the sales activity

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

- **Spring campaign** – takes place between February and May, with maximum activity in March and April; is the season for sowing sunflower, corn, peas and soybeans and applying treatments for wheat, barley and rape sown in the fall, which came out of the winter (ie, grew and survived the winter season). These crops are harvested in the same year, in September and October, and payments from farmers are collected between October and November.
- **Autumn campaign** – takes place between August and October, with maximum activity from mid-September to the end of October; is the time for sowing wheat, barley and rapeseed. These crops are harvested the following year, in July, and farmers' payments are generally collected between August and September.

The year 2020 in the agricultural sector was marked by two major events - the outbreak of the COVID-19 pandemic and the severe drought that affected Romania and the Central and Eastern European region. The impact of COVID-19 on Norofert's operations and sales was minimal and activities continued as close as possible to normal. Norofert's business model, that of producing fertilizers long before the start of agricultural campaigns, was particularly beneficial in this situation when the state of emergency was introduced in Romania in March 2020, as most of the products sold during the spring campaign were in stock and ready to be delivered to customers.

Instead, the impact of the drought was significantly more severe in our industry than that of COVID-19. Many farmers, especially those in the Dobrogea area and in some counties in southeastern Romania, Ialomița, Călărași, Brăila and Galați, were negatively affected, their crops being destroyed. In turn, this had a negative impact on farmers' ability to repay their financial obligations to various beneficiaries, including distributors and fertilizer producers such as Norofert SA.

Norofert products are distributed through direct channels to large farmers through the Norofert sales team, respectively through a network of local distributors in the most important nodes of the country in the agricultural sector. By 2020, 10% of Norofert's sales came from distributors, 85% from large farmers and about 5% were sales to small farmers.

Agricultural campaigns are composed of two phases from the point of view of the process of selling inputs. The first phase includes the early sales campaign, which takes place 3-4 months before the beginning of the planting season. During this period, larger discounts for advance payment and technological packages consisting of fertilizers, pesticides and herbicides are granted. In general, farmers with better capitalization benefit from this campaign. Early sales account for about 50% of sales for that season. The second phase includes the sales campaign from the beginning of the seeding season, which is also the busiest. During this period, the delivery time, the availability of the products and the agility of the sales team prevail in the face of the price policy because the failure of the optimal window of application of the inputs often translates into losses in the crop.

For the Organics line, Norofert enjoys the status of sole producer of a complete line of fertilizers and phytosanitary for organic farming in Romania. Therefore, the company can offer complete solutions, from seed treatment to post-harvest treatments to the main agricultural crops of cereals, oilseeds, fruit trees, vegetables. The competition is represented by importing and distributing companies, which import on the local market mainly from countries such as Spain, Italy, Germany or France. There is a small growth of competing companies in this niche.

The Karisma line is among the most competitive branches of agribusiness, of biostimulators and specialized products. The influx of imported and domestic products makes this market a place where the price prevails, and quality is second. In terms of increasing market share, risk dispersion is one of Norofert's main priorities, in a market where crediting until harvesting, somewhere at 270-300 days, is a standard. In order to reduce the

exposure to the risk of non-payment of receivables specific to this sector, Norofert implemented a policy of careful selection of customers, excluding small farmers without a history of good payment, and focused on large farmers in organic and conventional agriculture. Through the Risk Department, created in August 2019, the triage and eligibility for financing clients has become much more rigorous, reducing but not completely, eliminating, the risk of non-payment.

For the Fito product line, in November 2020 Norofert developed a partnership with Biocers SRL, a local distributor focused on phytopharmaceuticals and hobby stores in 16 counties in the center, west and north of the country.

Most of the sales generated in 2020 to small farmers were generated by sales of Karisma products. The Fito range has been aimed, through phytopharmacies, at home consumers. For hobby customers and small farmers, Norofert has launched its own online store, [norofert.store.ro](https://www.norofert.store.ro), where almost the entire range of products in the company's portfolio is sold.

<i>Structure of Client Portfolio (% of total sales)</i>	<i>2019</i>	<i>2020</i>
DISTRIBUTORS	65%	67%
LARGE FARMERS	23%	25%
SMALL FARMERS	12%	8%

The sales efforts were supported through the sales team which has joined the company in August 2019 and has been primarily responsible for reaching out to new customers and informing them about the products of Norofert Group, benefits of organic farming as well as about using products manufactured by the issuer. The full list of the sales team, together with their division on the territory of Romania can be found on [Norofert's website](#).

In terms of customer dependence, during 2020, the following 5 companies represented the largest customers for Norofert Group:

<i>Nr.</i>	<i>Name of Client</i>	<i>Weight (%) in Turnover</i>
1.	AGRIBUCUR	9%
2.	UNIGRAINS	8%
3.	BIOAGRIFERT	7%
4.	GRAINS & MORE	4%
5.	QUALITY CONSTRUCT	4%

On June 13, 2020, Norofert launched its own online store, available at <https://www.norofert.store.ro>, where both large farmers and small farmers and people passionate about gardening can buy products from all Norofert lines - Organics, Karisma, Norofert Fito and Norofert Horticulture.

1.9 Evaluation of the Issuer's staff

As of December 31, 2020, the Group had 42 employees, an increase of 31% compared to 32 employees at the end of 2019. 39 employees have an employment contract with Norofert SA, 2 with Norofert Organics SRL and 1 with Norofert Fitofarma SRL. Distribution of Norofert staff by group level:

Department	Employees in 2020
SALES DEPART.	9
ADMINISTRATIVE/ACCOUNTING DEPART.	4
LOGISTICS DEPT.	2
MARKETING	3
COMPLIANCE DEPT.	1
EXPORT DEPT.	1
LAB	3
PRODUCTION UNIT	11
SPECIAL CULTURES DEPT.	1
MANAGEMENT	4
CREDIT & COLLECTION DEPT.	3
TOTAL	42

Among the group's employees, 60% are people with higher education, and 40% with secondary education.

The organizational relations and the hierarchical-functional structure can be analyzed in the following organizational chart:



1.10 Evaluation of the issues related to the issuer's impact on the environment

Norofert SA holds a complete environmental permit for all production activities, issued by the National Agency for Environmental Protection in Prahova. Production facilities of the company and the equipment held are new or have been upgraded, and they all comply with the requirements regarding environmental protection and occupational health and safety.

Organic farming is an integrated farming system that pursues sustainability, increasing soil fertility and biological diversity, while prohibiting, with rare exceptions, the use of synthetic pesticides, antibiotics, synthetic fertilizers, genetically modified organisms and growth hormones. For all its production lines, including Karisma for conventional farming, Norofert uses only natural ingredients, raw materials of plant and animal origin, which do not have a negative impact on the environment.

There are no existing lawsuits related to the environmental protection.

1.11 Evaluation of the R&D activity

On August 20, 2020, Norofert SA announced a strategic alliance with the University of Agronomic Sciences and Veterinary Medicine in Bucharest (USAMV). The partnership focuses on two aspects - applied research and internationalization. The collaboration involves USAMV researchers developing with Norofert new products that meet the needs of organic farming, which will then be marketed and sold in all markets of Norofert's business, including the United States. Norofert and USAMV also want to contribute to strengthening the practical capabilities of future generations, through the education and training of students. The focus will be on the agriculture of the future and on promoting innovation and digitalization in the sector.

During 2020, Norofert carried out research and development activities, which for the issuer means developing and improving the formulations of its agricultural inputs. The table below shows the evolution of these efforts. In 2020, Norofert has developed 22 new products.

<i>Indicator</i>	<i>2019</i>	<i>2020</i>
NUMBER OF NEW FORMULAS	50	22
NUMBER OF IMPROVED FORMULAS	50	72
NUMBER OF NEW PRODUCTS	25	22

The issuer does not capitalize the research and development expenses in intangible assets.

On 07.12.2020, the company informed the shareholders that it had submitted a project proposal for accessing European funds for the construction of an Integrated Center for Biotechnology and Soil Science. The center will specialize in three types of analysis: soil analysis to determine nutrient deficiencies on farms, necessary for accurate recommendations on plant nutrition and protection, analysis of drinking water and water used for irrigation, the latter being essential for increase the efficiency of inputs as well as the multipesticide analysis of organic crops obtained by farmers, mandatory to certify the absence of any trace of conventional pesticides.

1.12 Evaluation of the issuer's activity related to risk management

1.12.1 RISKS CONCERNING THE ISSUER AND ITS ACTIVITY

PRICE RISK – this represents the risk that the market price of the products sold by the company will fluctuate to an extent that makes existing contracts unprofitable. With the company being the producer of agricultural inputs, the company has the advantage of stabilizing itself the price of the products it sells, of course in line with the prices of other producers active on the market. In the agricultural sector, the habit is that the producers of

agricultural inputs establish a relatively high price list (which allows a significant profitability margin), and then provide discounts on an individual client basis, based on payment term as well as quantity of product bought. Having a high price list allows the company to have flexible pricing policy and manage risks related to pricing as well as it lets the company adapt to changing market prices from day to day, from one client to another. Even with significant discounts, the company still manages to maintain a healthy production to sales cost ratio, which also includes indirect costs. When it comes to the prices of raw materials used for the production of the fertilizers, it is important to underline that it generally does not have high price fluctuations, and these are relatively low considering the price of products sold. Therefore, as the issuer does not engage in the activity of a distributor, which carries a significant price risk, its exposure to price risk is significantly lower. The only exception where the company is exposed to price risk is when it purchases seeds or 3rd party products, as it was done for the purpose of marketing the Karisma line. However, these products bought from the third parties are never sold alone, but only in specially designed packages which include issuers own products, which helps mitigate the risk. Being included in package, eventual losses in margin from 3rd party products are covered by high margin from other products in the package, which are own products.

LIQUIDITY RISK – liquidity risk is associated with the holding of fixed or financial assets and their transformation into liquid assets. The company does not hold financial assets other than shares in two subsidiary companies, Norofert Fito and Norofert Organics, but holds fixed assets, most of which are represented by the equipment necessary for the day-to-day operations of the company's two production facilities. The company does not intend to sell these assets, as they are necessary to ensure the current activity.

CREDIT RISK – the risk that the Group will incur a financial loss as a result of the breach of contractual obligations by a client, which mainly results from the trade receivables or the possible breach of the obligations under some financial instruments. The company is exposed to the credit risk, given that the specific nature of the activity and the business model involves the credit of customers on terms of over 180 - 360 days. In order to reduce the exposure to the risk of non-payment of sector-specific receivables, Norofert implemented a careful customer selection policy excluding small farmers without a good payment track record and focused on large farmers in organic and conventional agriculture. The Risk Department within the company makes a thorough evaluation of each client sent for approval by the field sales team. As a result of this assessment, the creditworthy customers receive a credit limit, with which they can purchase products from the Norofert portfolio.

The Risk Management Department was established following the private placement in July 2019. The role of this department is to minimize the risk of financing through risk policies adapted to business lines (Norofert Karisma, Organics and Fito). The risk policy is based on the definition of a set of evaluation criteria, criteria that take into account a correct evaluation of the client's solvency from a commercial point of view (partner type, culture type, work surface, history), legal (litigation) and financial (turnover, number of employees, CRC incidents, stocks, etc.). The financing or granting of a credit limit is carried out on the basis of the above-mentioned criteria, each credit limit being secured by guarantee instruments or additional guarantees requested after the client's analysis. The process of monitoring clients helps to identify possible situations or changes from the legal and financial point of view intervened in the activity of the client to whom credit line was granted. These situations may lead to the modification of the financing decision. The monitoring process is carried out from the moment of granting the credit line until the time of collection of the debts. The debt collection procedure is structured on exact periods that allow both amicable collection and enforcement of guarantees, where appropriate. All these activities included in the risk procedure must allow for the most accurate assessment of the client's solvency at the time of requesting the financing and its future payment capacity, so that the financing decision is taken in conditions of zero risk of non-term recovery and in all the financing provided to the client.

EXCHANGE RATE RISK - the possibility of losses in international trade contracts or other economic relationships due to changes in the exchange rate between the conclusion of the contract and its maturity. As the company plans to expand to other international markets, especially in the US, it will be exposed to this type of risk.

CASH-FLOW RISK – this represents the risk that his company will not be able to meet its due payment obligations. The periods of the year in which the company is exposed to the risk of cash flow are the months before harvest

(June for rapeseed, July for wheat and October for sunflower and maize). A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and availability of financing through appropriately contracted credit facilities. The company monitors the level of cash inflows expected from the collection of trade receivables, as well as the level of cash outflows expected for the payment of commercial debts and other debts. The cash flow risk is limited by factoring operations on eligible customers and marketing campaigns that encourage the payment in advance of some products in exchange for larger discounts.

RISK ASSOCIATED WITH INTEREST RATES AND FINANCING SOURCES - in case of deterioration of the economic environment in which the issuer operates, it may be unable to contract a new loan under the conditions it previously benefited, which could lead to increased financing costs that would adversely affect the financial situation of the company.

RISK RELATED TO THE ASSETS OF THE COMPANY AND THE DEPRECIATION OF THE STOCK - as of December 31, 2020, the inventory of Norofert's current assets included goods with a total value of 2.004 million lei. These goods are wheat seeds, nitrogen fertilizers and soil fertilizers produced by a third party, which were purchased by Norofert in order to include them in the special packages promoting the Karisma line. The packages are an integral part of the marketing strategy to promote the Karisma line among farmers who practice conventional farming.

RISK ASSOCIATED WITH KEY PERSONNEL - the company, active in a niche industry of organic farming, in an expanding market, carries out an activity that requires high knowledge and specialization. The company depends on the recruitment and retention of the management personnel and the qualified employees. The medium and long-term profitability of the company depends, to a large extent, on the performance of the qualified employees, the personnel and the executive management, especially important for the future development of the Norofert Group. Therefore, there is a possibility that, in the future, the company may not retain its executive directors or key personnel involved in the company's activities or may not attract other qualified members to the management team or key persons, which would affect the market position as well as its future development. Thus, both the loss of the members of the management and of the key employees could have a significant negative effect on the activity, financial position and operational results of the company.

RISK DUE TO THE SPECIFIC OF THE ACTIVITY – the company operates in the field of agriculture on niche products intended especially for organic farming. As a result of the strategy at the level of the European Union and Romania, the farmers benefit every year from subsidies that significantly support the activity of the farmers. Although no information is known in this regard, if in the future this strategy undergoes adjustments or modifications in the direction of the reduction of subsidies, it can also negatively affect the clients of the company, with potential impact on the receivables and / or new product orders side Norofert.

RISK OF WITHHOLDING OF THE ISSUER'S ACCOUNTS - withholding the accounts is an enforceable measure that can be applied to a company. Thus, the issuer's accounts may be blocked as a result of the forfeiture, if the issuer's creditors request this measure to recover their debts. The issuance of the issuer's accounts entails the blocking of the amounts from the receivable accounts and may lead to the difficulty or inability of the company to fulfill its subsequent obligations, in the agreed terms.

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

- February-May, with peak activity in the months of March-April, is the season for seeding sunflower, corn and applying treatments for already planted wheat and rapeseed that have gone out of winter (meaning, they have grown and survived the winter season). For cultivating and treating these crops, Norofert sells its proprietary products which have the highest profitability margin. Thus, in the first half of each year, the Company generates most of its profit.
- August-October, with peak activity from mid-September to the end of October, is the season for seeding wheat and rapeseed. During this campaign, Norofert sells primarily specially designed packages that contain seeds, herbicides, and fertilizers. These packages, alongside products from Karisma line, include 3rd party products (wheat seeds, an herbicide and a nitrogen fertilizer, which are not produced by

Norofert) and have thus a lower profitability margin. Because of that, in the second half of the year, Norofert generally registers high revenues and a smaller profit compared to the first half of the year. Depending on the weather conditions, the cycles can be extended for the period specified above, thus affecting the sales of the company, especially the sales of products from the Norofert Organics and Norofert Karisma lines. The line for small farmers and hobby gardening, Norofert FITO, is the only one that is not significantly influenced by the agricultural seasons. Thus, the FITO product line operates throughout the year and is expected to ensure a constant cash flow to the Group, as the payment term for the FITO line is more favorable, 90 days compared to 280-360 days for the other two lines.

RISK OF LOSS OF REPUTATION - it is a risk inherent in the activity of the issuer, the reputation being particularly important in the business environment, especially if the company wants to expand its activity in other markets. The ability to expand its portfolio, in order to develop the activity, is due to the recognition of the issuer's brand and the enforcing of the products on the target markets.

RISK ASSOCIATED WITH THE REALIZATION OF THE BUSINESS DEVELOPMENT PLAN - the company aims at a sustainable growth, as strategic directions for the development of the main activity, Norofert aims to increase the market share and the volume of sales in Romania amid the background of intensifying the market absorption for ecologically certified inputs and the reorientation to sales predominantly through large distributors. However, it is not excluded the possibility that the line of development chosen by the issuer in order to extend the activity is not at the level of expectations and estimates, in this case it could have negative effects on the financial situation of the company.

RISK ASSOCIATED WITH THE REALIZATION OF THE FINANCIAL FORECASTS - financial forecasts start from the premise of fulfilling the business development plan. The company aims to periodically issue forecasts regarding the evolution of the main economic-financial indicators to give potential investors and the capital market a true and complete picture of the current situation and plans envisaged by the company, as well as current reports detailing the comparative elements between the forecast data and the actual results obtained. The forecasts will be part of the annual and half-yearly reports, and the forecast policy is published on the company's website at the following [link](#). Forecasts will be made in a prudent manner, but there is a risk of non-compliance, therefore, the data to be reported by the company may be significantly different from those estimated, as a result of factors not previously predicted, or whose negative impact could not be managed or anticipated.

RISK RELATED TO THE PROTECTION OF PERSONAL DATA – in the course of its activity, the company collects, stores and uses data that are protected by laws regarding the protection of personal data. The company takes this risk into account and takes precautionary measures in order to protect the clients' data, in accordance with the legal requirements in force. The issuer takes all precautionary measures imposed in this area, but there is the possibility that, given that they have commercial relations with various partners, they might not fully comply with the relevant contract terms and all obligations regarding the protection of the data imposed on them.

COUNTERPARTY RISK – this is the risk that a third natural or legal person will not fulfil his obligations under a financial instrument or according to a client contract, thus leading to a financial loss. The company's exposure to counterparty risk is limited because the company does not sell products it does not have in its stock. For the purpose of cost optimization, any type of third-party products such, for example wheat seeds that the company includes in its packages to promote Karisma line, are bought in advanced, at the beginning of the season, in order to ensure enough stock. While this limits the company's counterparty risk, it increases the risk related to the assets owned by the company, which is explained in more detail above.

RISK ASSOCIATED WITH OTHER TYPES OF LITIGATION – in the context of its activity, the issuer is subject to litigation risk, among others, as a result of changes and development of legislation. The issuer may be affected by other contractual claims, complaints and disputes, including from counterparties with whom it has contractual relationships, clients, competitors or regulatory authorities, as well as any negative publicity that such an event entail.

1.12.2 GENERAL RISKS WITH A SYSTEMIC CHARACTER

GENERAL ECONOMIC RISKS - the issuer's activities are sensitive to economic cycles and general economic conditions. Both international financial crises and unstable economic environment can have significant negative effects on the issuer's activity, operational results and financial position. Socio-political turmoil can also impact the company's activity. The international financial markets have felt the effects of the global financial crisis that started in 2008. These effects were also felt on the Romanian financial market in the form of the low liquidity of the capital market, as well as by an increase in the interest rates on medium-term financing, because of the global liquidity crisis. In the future, such a scenario could be repeated, and the eventual significant losses suffered by the international financial market, with major implications on the Romanian market, could affect the Issuer's ability to obtain new loans or financing, under sustainable conditions.

RISK RELATED TO COVID₁₉ PANDEMIC - At the time of publishing this report, Romania is facing the outbreak of COVID-19 (coronavirus) across the country, with several companies being forced to interrupt their daily operations. At this point, Norofert SA financial performance has not yet been impacted as the sales in agricultural sector are continuing as usual, however that there exists the risk that in case the current situation prolongs and the government takes more restrictive measures, the production, sales and delivery activity of the issuer might be impacted, in the worst cases stopped, which will have a direct negative effect on the company's financial result. At the time of publishing of this report, the company has taken all the necessary measures in order to protect its employees and clients and ensure business continuity, which include remote working for administrative staff, social distancing, and the disinfecting measures for the essential personnel in the factories as well as constant monitoring of the situation in order to ensure the health and safety of all the stakeholders. As the current situation is still evolving, the company is managing all the risk related to this situation on a daily basis and should there be any measures that impact the company's performance as well as forecasts for the current year, the management will inform the shareholders through a current report.

FISCAL AND LEGAL RISK - the issuer is governed by the Romanian legislation and even if the Romanian legislation has been largely harmonized with the EU legislation, further changes may occur, respectively new laws and regulations may be introduced, which may have effects on the company's activity. Romanian legislation is often unclear, subject to different interpretations and implementations and frequent changes. Both the modification of the fiscal and legal legislation, as well as possible events generated by their application, can result in possible fines or lawsuits filed against the company, which can impact the activity of the issuer.

RISKS RELATED TO INVESTMENTS IN ROMANIA, IN ECONOMIC AND POLITICAL CONTEXT - Romania's economy is vulnerable under conditions of regional or international recession, financial and economic problems at a general level can be felt more acutely in certain markets or sectors. Also, political and social changes can be an unpredictable factor. Romania does not have all the business, legal and regulatory infrastructure that would exist in a developed economy. The legislation is subject to varying interpretations and is frequently amended.

OTHER RISKS - Investors should consider that the risks presented above are the most significant risks that the company is aware of at the time of redacting this report. However, the risks presented in this section do not necessarily include all the risks associated with the issuer's activity, and the company cannot guarantee that it includes all the relevant risks. There may be other risk factors and uncertainties of which the company is not aware at the time of writing the document and which may in future modify the actual results, financial conditions, performances and achievements of the issuer and may lead to a decrease in the price of the company's shares. Also, investors should undertake pre-requisite checks to prepare their own investment opportunity assessment.

1.13 Perspective elements regarding the Issuer's activity

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.

At the EGMS that took place on 24.11.2021, Norofert shareholders approved the share capital increase that is currently undergoing. The increase in share capital is intended to fuel the strategic investments that will help Norofert increase its production capacity and operating margins, for the benefit of all shareholders. The increase in share capital will feed 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.

II. Issuer's Tangible Assets

2.1 Information about the location and characteristics of the main production capacities owned by the issuer

The company carries out production activities in the factory in Filipeștii de Pădure (Prahova County), established in August 2019, where the production line is in both liquid form and effervescent tablets for the Norofert Organics, Norofert Karisma and Norofert FITO lines.

FILIPEȘTII DE PĂDURE

The factory in Filipeștii de Pădure has a area of 1,700 sqm for production and is equipped with 2.5t rolling bridge and storage shelves, 5000 sqm concrete platform, 150 sqm office spaces and 600 sqm storage spaces. The machines available at this production facility are:

- 15 stainless steel tanks of 1,500 l, with system of bubbling and automatic dosing of raw materials;
- 6 stainless steel tanks of 2,500 l each, with controlled temperature system, bubbling system and mixing pump to the packaging line;
- Packaging line for cans of 20, 10 and 5 l;
- Labelling line for cans of 20, 10 and 5 l;
- Press for large effervescent pills, with adjustable pressing force, located in a room with controlled temperature and humidity;
- 2.5t forklift truck, 1.5t electric lorry and 700 kg manual leases;
- Laboratory for evaluation of samples for product batches, soil analysis and analysis of the physico-chemical properties of own products.
- 3 pellet pressers (2 of medium capacity, 1 of large capacity);
- 1 crusher mill;
- 1 vertical steel storage tank with 2,500 l capacity, with an air valve;
- 3 steel feed tanks of 1,500 l capacity each;
- 3 steel feed tanks of 200 l capacity each;
- Air compressors and electric energy generators;
- Computerized temperature control system in mixing tanks;
- Batch marking system and date of manufacture for drums and stoppers.

The transport of materials and goods is facilitated by 2 means of transport of capacity of 3.5 t and 700 kg, respectively.

BUCHAREST OFFICES

For the purpose of carrying out the daily activities, Norofert also has items such as laptops, computers, mobile phones, multifunctional printers, as well as furniture. All these items are at the company's working point at 63 Justiției Street in Bucharest.

Additionally, given the specifics of the activity of the company as well as a large sales force, which travels around the country in order to sell Norofert products to farmers, the company has currently 25 cars.

2.2 Information about the degree of wear and tear of the issuer's properties

The degree of wear of the properties owned by the company does not raise significant problems to carrying out the business activity.

The IT equipment owned by the company has a degree of physical wear specific to the office activity, which is small.

2.3 Information about the potential issues related to the property rights over the issuer's tangible assets

There are no issues regarding the ownership rights over the tangible assets owned by the company in the Filipeștii de Pădure factory and from the headquarters in Bucharest, as the assets are wholly owned by the company, they are not rented.

The company has a leasing contract with OTP Leasing, based on which it acquired during 2020:

- 1 Renault Koleos (2nd hand).

Also during 2020, the company also acquired through RCI Leasing:

- 2 Dacia Duster.

Also based on the same leasing contract with OTP Leasing, the Company purchased the following 16 cars during 2019:

- 14 Jeep Renegade;
- 1 Dacia Duster;
- 1 Mercedes G-Class (purchased 2nd hand).

These 16 cars are under a 5-year leasing contract between Norofert Fitofarma SRL with OTP Leasing, with payments being co-related with the evolution of the agricultural seasons. Namely, the company makes the first payment in August (after harvesting of wheat) and second in October (after harvesting of corn and sunflower).

Additionally, Norofert SA has additional 6 cars under leasing:

- Fiat 500 (purchased 2nd hand, contract with Idea Leasing IFN SA);
- Infiniti M37 (purchased 2nd hand, Idea Leasing IFN SA);
- Dacia Logan Laureate (RCI Leasing Romania IFN SA);
- Dacia Logan MCV (RCI Leasing Romania IFN SA);
- Infiniti Q5 (purchased 2nd hand, Idea Leasing IFN SA);
- Dacia Dokker Van (Unicredit Leasing Corporation IFN SA).

III. Market of the Issuers' securities

3.1. Specification of the markets in Romania and abroad where the securities are issued

Norofert shares were admitted to trading on the SMT segment of the Bucharest Stock Exchange on March 3rd, 2020. In 2020, Norofert was the most traded local company on the AeRO market. The high liquidity rate was supported by the relatively large shareholder base of over 1,000 shareholders.

Between the first trading day of the NRF shares and December 31, 2020, Norofert's market capitalization increased by 820%. In 2020, investors carried out 30,788 transactions with NRF shares amounting to 63,770,200 lei.

According to the decision of the General Meeting of Shareholders from April 28, 2020, on May 20, the increase of the share capital with the issuance of new shares was registered at the National Office of the Trade Register (ONRC), by capitalizing a part of the company's net profit for the financial year 2019 and approval of the updated version of the Articles of Association, in order to reflect the mentioned increase. Following the registration with ONRC, the subscribed and paid-in share capital of the company increased from 802,394 lei to 3,209,576 lei, and the number of common shares increased from 2,005,985 to 8,023,940. The common shares kept their nominal value of 0.4 lei each. The free shares were loaded into investors' accounts on 20 July 2020, in accordance with the announced timetable.

During the reported period, sale/purchase transactions of shares falling under the incidence of art. 19 MAR of EU Regulation 596/2014 on market abuse, by Vlad Popescu, CEO and Chairman of the Board of Directors, and Ileana Popescu, a significant shareholder and a person in close relationship with Vlad Popescu. All transactions were reported in the market through current reports.

On 31.12.2020, the shareholding structure of Norofert was as follows:

Shareholder	Number of shares	% of share capital
POPESCU VLAD ANDREI	3,104,874	38.6951 %
POPESCU ILEANA	1,525,600	19.0131 %
ALEXE MARIAN-MARIUS	928,928	11.5770 %
Alti investitori / free-float	2,464,538	30.7148 %
TOTAL	8,023,940	100%

3.2. Description of the issuers dividend policy

The Board of Directors of Norofert S.A. ("The Company") declares that the Company undertakes to comply with the Principles of Corporate Governance applicable to issuers whose securities are traded on the multilateral trading system administered by the Bucharest Stock Exchange S.A., the system operator.

In accordance with the principles set out above, the Company undertakes to adopt a dividend policy, as a set of directions regarding the distribution of the net profit, which the Company declares will comply with. Accordingly, the Board of Directors of the Company sets out the following relevant principles regarding the dividend policy:

- 1) The Company recognizes the rights of the shareholders to be rewarded in the form of dividends, as a form of participation in the net profits accumulated from the operation and as an expression of the reward for the capital invested in the Company.

- 2) Norofert S.A. is a growth company with large development potential, if the access to capital for necessary investments is ensured. In line with the information provided in the offering document provided to investors by the company before the private placement for shares which took place in July 2019 as well as in the memorandum for listing published on the company's and BVB's website, the Board proposes to reward the investors through providing free shares, as a result of capitalization of the part of net profits accumulated by the company. In this way, the capital will remain with the company and will be invested in activities and costs which will have impact on growing the value of the business, while the investors will be rewarded, for their contribution, with free shares.
- 3) The proposal regarding the distribution of dividends in the form of shares for free, will be made by the Board of Directors of the Company, and the decision regarding the approval of the distribution of dividends belongs to the General Meeting of Shareholders, adopted according to the applicable law.
- 4) Any changes in the company's dividend policy will be communicated to investors in due time.

This policy will be reviewed by the Board of Directors of the Company, whenever relevant additional information regarding the distribution of dividends appears.

3.3. Description of any activities of the issuer related to purchasing own shares

Not the case – the issuer did not carry out such activities in the past 3 years.

3.4. Information about the subsidiaries of the issuer

Norofert S.A. holds 99% stake in Norofert Fitofarma SRL (CUI:38132351) and Norofert Organics SRL (CUI: 38131402), affiliated companies which, together with Norofert SA, make up a group of companies. None of these companies holds shares or bonds issued by Norofert SA.

3.5. Information about the bonds and/or other debt securities of the issuer

On January 21st, 2020 Norofert SA successfully closed its first private placement for corporate bonds and has raised 11,5 million lei from the Bucharest Stock Exchange investors. At the private placement have participated 102 investors, with the medium subscription being over 100,000 lei. In the course of the offer, were put for sale 115,000 of corporate bonds with a nominal value of 100 lei and a maturity of 5 years. The annual interest rate, which is paid on a half-yearly basis, was stabilized at 8,5%.

On June 5, 2020, the corporate bonds were admitted to trading on the SMT segment of the Bucharest Stock Exchange, under the symbol NRF25. The payment of the first coupon, amounting to 4.2384 lei gross / bond, was made on July 27, 2020 in the accounts of the bondholders registered in the Register of Bondholders on the reference date of July 13, 2020. The second payment of the coupon, amounting to 4.2849 lei gross / bond, was made on January 27, 2021 in the accounts of the bondholders registered in the Register of Bonds on the reference date of January 13, 2021.

The third coupon is due on 27.07.2021 and the company does not foresee any problems with its payment.

IV. Issuer's Management

4.1. Presentation of the issuer's administrators

Norofert SA is governed by the Board of Directors which consists of 3 (three) members selected by the Ordinary General Shareholder's Meeting. The members of the Board can be Romanian or foreign citizens, natural persons or legal persons, with no limits, in line with the applicable laws. The mandate of the Members of the Board of Directors has a duration of 4 (four) years, except for cases when the General Shareholder's Meeting decides otherwise or if any member resigns before the end of the mandate. In the course of 2019, the positions of the Board Members were not remunerated.

The management of Norofert SA is ensured by the following members, who serve a mandate of 2 (two) years, and whose mandate will expire on 28.06.2021:

VLAD ANDREI POPESCU

PRESIDENT OF THE BOARD AND CEO OF NOROFERT SA

Vlad Popescu was the main strategist behind the repositioning of Norofert's business, first as an importer of ecological inputs, then as a first Romanian producer of fertilizers and phytosanitary for organic farming. Under his leadership, Norofert launched revolutionary products in the form of effervescent tablets on the European market and in 2018, the group's sales exceeded 9 million lei, with a profit margin of 41%.

Education:

- 2010 Bachelor's Degree in Political Sciences from Școala Națională de Studii Politice și Administrative of Bucharest

Professional Experience:

- 2015 – present: Norofert SA, CEO
- 2008 – 2015: Norofert SA, Sales Representative

Stake held: Vlad Popescu holds 38.69% of shares in Norofert S.A.

Remuneration: Vlad Popescu was not remunerated in 2020 as President of the Board of Directors.

Additional information, according to legal requirements:

- Currently Vlad is actively involved in the following companies: Norofert Organics SRL, Norofert Fitofarma SRL, Norofert Agri SRL, Bio Danubius Inputs SRL, Greenwich Technologies SRL.
- In the past 5 years Vlad has not been forbidden by the court to fulfil the position of a Member of a Board of Directors or Supervisory Board.
- In past 5 years, there were no cases of insolvency, liquidation, bankruptcy or special administration of companies where Vlad sat on the Board of Directors or Supervisory Board.
- Vlad carries no professional activity which would compete with that of the issuer and is not a party to any agreement, arrangement or family relationship with a third party by virtue of which he has been appointed administrator.

IULIANA MUSAT*

MEMBRU INDEPENDENT CA NOROFERT SA

*The mandate of Mrs. Iuliana Musat ended on 21.03.2021 by resignation, as communicated in the [Current Report no. 14/2021](#) of the issuer.

Iuliana Mușat has over 20 years of experience in the capital markets and in the financial field. She assisted both state and private companies in IPOs and major transactions conducted on the Bucharest Stock Exchange. Currently, Iuliana holds the position of Investment Banking Senior Director within Raiffeisen Bank Romania, previously holding the position of CFO and COO at Raiffeisen Capital & Investment. Between 2000 and 2014, he was a member of the Board of Directors of the same institution.

Education:

- 1997 Bachelor's Degree in Accounting and Finance from the Academy of Economic Studies in Bucharest
- 1991 Bachelor's Degree in Aerospace Engineering from the Polytechnic University of Bucharest

Professional experience:

- 2014 - present: Raiffeisen Bank, Senior Investment Director
- 2002 - 2014: Raiffeisen Capital & Investment, CFO / COO
- 2000 - 2014: Raiffeisen Capital & Investment, Member of the Board of Directors
- 1998 - 2002: Raiffeisen Capital & Investment, CFO
- 1997 - 1998: Leo Burnett, Director of Finance & IT
- 1996 - 1997: NEI Group, Chartered Accountant and Credit Operator / Treasury Director

Stake held: Iuliana Musat holds 0.077% of the share capital of Norofert S.A.

Remuneration: Iuliana Mușat was remunerated in 2020 as an independent member of the Board of Directors with a net salary of 3,000 lei / month.

Additional information, according to legal requirements:

- Iuliana currently holds the position of Senior Investment Director at Raiffeisen Bank.
- In the past 5 years Iuliana has not been forbidden by the court to fulfil the position of a Member of a Board of Directors or Supervisory Board.
- In past 5 years, there were no cases of insolvency, liquidation, bankruptcy or special administration of companies where Iuliana sat on the Board of Directors or Supervisory Board.
- Iuliana carries no professional activity which would compete with that of the issuer and is not a party to any agreement, arrangement or family relationship with a third party by virtue of which he has been appointed administrator.

ZUZANNA ANNA KUREK***BOARD MEMBER OF NOROFERT SA**

**The mandate of Mrs. Zuzanna Anna Kurek ended on 19.03.2021 by resignation, as communicated in the [Current Report no.13/2021](#) of the issuer.*

Zuzanna Kurek has over 6 years of experience in the Romanian capital market, having served as the Business Development and Marketing Director at the Bucharest Stock Exchange between 2016 and 2018, being in charge of projects intended to promote Romanian capital markets to entrepreneurs as well as improving corporate governance and IR standards within listed companies. She currently runs her own consultancy firm and is advising entrepreneurial companies in the area of communications and investor relations.

Education:

- 2013 Master's Degree (LLM) in European Law from Maastricht University, the Netherlands

- 2013 Master's Degree (MA) in Media Studies from Maastricht University, the Netherlands
- 2012 Bachelor's Degree (LLB) in European Law from Maastricht University, the Netherlands

Professional Experience:

- 2018 – present: Cornerstone Communications, CEO & Founder
- 2016 – 2018: Bucharest Stock Exchange, Director Business Development & Marketing Department
- 2014 – 2016: Bucharest Stock Exchange, Investor Relations & Public Relations Specialist
- 2013 – 2014: IBM, Marketing Specialist
- 2010 – 2013: Maastricht University, Marketing Specialist

Stake held: Zuzanna Kurek holds 0.012% of the share capital of Norofert S.A.

Remuneration: Zuzanna Kurek was not remunerated in 2020 as a member of the Board of Directors.

Additional information, according to legal requirements:

- Currently Zuzanna is actively involved in company Cornerstone Communications SRL.
- In the past 5 years Zuzanna has not been forbidden by the court to fulfil the position of a Member of a Board of Directors or Supervisory Board.
- In past 5 years, there were no cases of insolvency, liquidation, bankruptcy or special administration of companies where Zuzanna sat on the Board of Directors or Supervisory Board.
- Zuzanna carries no professional activity which would compete with that of the issuer and is not a party to any agreement, arrangement or family relationship with a third party by virtue of which he has been appointed administrator.

In 2020, 10 meetings of the Board of Directors took place. All 3 members participated in all the meetings of the Board of Directors.

4.2. Presentation of the issuer's executive management team

The executive management of the company is ensured by:

VLAD ANDREI POPESCU

PRESIDENT OF THE BOARD AND CEO OF NOROFERT SA

CV above.

În 2020, the salary of the CEO was 10,000 lei net per month. There were no bonuses distributed to the CEO in the course of 2020. The mandate of the CEO with Vlad Popescu is concluded for the unlimited period.

IULIA GRĂDINARU

EXECUTIVE DIRECTOR, NOROFERT SA

Iulia Grădinaru has 8 years' experience in the agribusiness sector. She graduated from USAMV Bucharest, holds a master's degree in Economics and Management and is a doctoral student at the same university. She currently holds the position of Executive Director at Norofert SA, having previous experience in companies also active in the markets for fertilizers and seeds. The mandate of Iulia Grădinaru is signed for undetermined period.

Education:

- 2016 – present – PhD USAMV
- 2011 – 2012 – Direct Marketing Academy Course, Budapest, Hungary
- 2006 – 2008 – Master's Degree, USAMV

- 2001 – 2006 – Bachelor’s Degree, Faculty of Management and Economical Engineering, USAMV

Professional Experience:

- 2019 – present: Executive Director, Norofert SA
- 2019 – 2019: Sales Director, Norofert SA
- 2017 – 2019: Development Director, CLC Bioinnovaton SRL
- 2013 – 2017: Marketing Director, Causade Semences Est Europa SRL
- 2008 – 2013: Print Manager, Studio Moderna SRL
- 2006 – 2008: Sales Analyst, Standard Snacks SRL

Stake held: at the time of preparation of this report, Iulia Grădinaru does not hold shares in Norofert S.A.

Additional information, according to legal requirements:

- Iulia is not involved in any activity other than that of the issuer.
- For the past 3 years, Iulia has not been a member of the board of directors or supervision of any company.
- In the past 5 years Iulia has not been forbidden by the court to fulfil the position of a Member of a Board of Directors or Supervisory Board.
- In past 5 years, there were no cases of insolvency, liquidation, bankruptcy or special administration of companies where Iulia sat on the Board of Directors or Supervisory Board.
- Iulia carries no professional activity which would compete with that of the issuer.

V. Financial Situation

5.1. Balance Sheet

CONSOLIDATED FINANCIAL POSITION OF NOROFERT GROUP

Balance sheet indicators (lei)	2019	2020	Evolution %
Fixed Assets, out of which:	2,083,592 lei	2,590,398 lei	20%
Intangible assets	221 lei	746 lei	70%
Property, plant and equipment	1,703,519 lei	2,157,011 lei	21%
Financial assests	58,601 lei	49,061 lei	-19%
Assets under investment	321,251 lei	383,580 lei	16%
Current Assets, out of which:	24,658,333 lei	38,742,444 lei	36%
Inventories	4,830,478 lei	12,448,341 lei	61%
Raw materials and consumables	394,590 lei	1,049,053 lei	62%
Inventory Items	- lei	- lei	0%
Finished Products	37,142 lei	3,292,568 lei	99%
Production in progress	-	2,328,900 lei	100%
Goods	4,333,892 lei	4,681,850 lei	7%
Packaging	29,410 lei	16,769 lei	-75%
Biological assets of stock nature	- lei	- lei	0%
Advances for the stock acquisitions	35,444 lei	1,079,201 lei	97%
Receivables	18,981,863 lei	25,945,445 lei	27%
Trade Receivables	17,475,963 lei	23,179,109 lei	25%
Receivables from Affiliated Companies	- lei	- lei	0%
Due from Shareholder	- lei	- lei	0%
Other	1,505,900 lei	2,766,336 lei	46%
Short-term investments	- lei	- lei	0%
Cash and cash equivalents	845,992 lei	348,658 lei	-143%
Pre-paid expenses	59,218 lei	26,170 lei	-126%
Total assets	26,801,143 lei	41,359,012 lei	35%
Current liabilities, out of which:	9,925,234 lei	8,674,089 lei	-14%
Third-party providers	8,147,010 lei	4,347,053 lei	-87%
Debts with affiliated companies	- lei	- lei	0%
Bank debt	203,967 lei	1,151,092 lei	82%
Debt to shareholders	25,600 lei	19,400 lei	-32%
Financial leasing	- lei	195,196 lei	100%
Other short-term debts	1,548,657 lei	2,961,348 lei	48%
Non-current liabilities, out of which:	1,011,265 lei	13,083,125 lei	92%
Bank debt	- lei	681,809 lei	100%
Bond loans	- lei	11,500,000 lei	100%
Financial leasing	1,011,265 lei	901,316 lei	-12%
Provisions	- lei	- lei	0%

Income in Advance	21,322 lei	36,156 lei	41%
Total Liabilities	10,957,821 lei	21,793,370 lei	50%
Equities, out of which:	15,843,322 lei	19,565,642 lei	19%
Subscribed and paid-up capital	802,794 lei	3,209,976 lei	75%
Share premium	6,458,456 lei	6,458,456 lei	0%
Legal reserves	150,359 lei	583,128 lei	74%
Other reserves	8,240 lei	8,240 lei	0%
Retained profit or losses	3,950,655 lei	3,788,490 lei	-4%
Profit or loss for the financial year	4,622,417 lei	5,946,121 lei	22%
Profit distribution	(149,639) lei	(428,769) lei	65%
Total equity and debt	26,801,143 lei	41,359,012 lei	35%

INDIVIDUAL STATEMENT OF FINANCIAL POSITION OF NOROFERT SA

Balance sheet indicators (lei)	2019	2020	Evolution %
Fixed Assets, out of which:	908,433 lei	1,729,772 lei	90%
Intangible assets	- lei	746 lei	0%
Property, plant and equipment	488,981 lei	1,256,785 lei	157%
Financial assests	98,201 lei	88,661 lei	-10%
Assets under investment	321,251 lei	383,580 lei	19%
Current Assets, out of which:	19,738,392 lei	34,488,757 lei	75%
Inventories	2,646,034 lei	10,710,127 lei	305%
Raw materials and consumables	213,213 lei	889,920 lei	317%
Inventory Items	- lei	- lei	0%
Finished Products	36,415 lei	2,133,769 lei	5760%
Production in progress	- lei	2,328,900 lei	100%
Goods	2,332,336 lei	4,262,352 lei	83%
Packaging	28,626 lei	15,985 lei	-44%
Biological assets of stock nature	- lei	- lei	0%
Advances for the stock acquisitions	35,444 lei	1,079,201 lei	2945%
Receivables	17,092,358 lei	23,655,106 lei	38%
Trade Receivables	12,526,852 lei	18,839,380 lei	50%
Receivables from Affiliated Companies	3,252,027 lei	3,079,185 lei	-5%
Due from Shareholder	- lei	- lei	0%
Other	1,313,479 lei	1,736,541 lei	32%
Short-term investments	- lei	- lei	0%
Cash and cash equivalents	126,147 lei	123,524 lei	-2%
Pre-paid expenses	48,309 lei	18,607 lei	-61%
Total assets	20,821,281 lei	36,237,136 lei	74%
Current liabilities, out of which:	10,475,029 lei	9,323,344 lei	-11%
Third-party providers	7,343,896 lei	3,721,485 lei	-49%
Debts with affiliated companies	1,713,293 lei	1,547,279 lei	-10%

Bank debt	203,967 lei	1,151,092 lei	464%
Debt to shareholders	- lei	- lei	0%
Financial leasing	- lei	195,196 lei	0%
Other short-term debts	1,213,873 lei	2,708,292 lei	123%
Non-current liabilities, out of which:	127,980 lei	11,712,510 lei	9052%
Bank debt	- lei	- lei	100%
Bond loans	- lei	11,500,000 lei	100%
Financial leasing	127,980 lei	212,510 lei	66%
Provisions	- lei	- lei	0%
Income in Advance	21,322 lei	36,156 lei	70%
Total Liabilities	10,603,009 lei	21,072,010 lei	99%
Equities, out of which:	10,196,951 lei	15,165,126 lei	49%
Subscribed and paid-up capital	802,394 lei	3,209,576 lei	300%
Share premium	6,458,456 lei	6,458,456 lei	0%
Legal reserves	146,359 lei	575,128 lei	293%
Other reserves	8,240 lei	8,240 lei	0%
Retained profit or losses	- lei	(1,849,481) lei	-100%
Profit or loss for the financial year	2,927,181 lei	7,191,976 lei	146%
Profit distribution	(145,679 lei)	(428,769) lei	194%
Total equity and debt	20,821,282 lei	36,237,136 lei	74%

For the financial position of Norofert SA from the last 4 years (2016 - 2019), we invite shareholders to go through the annual report for 2019, available [here](#).

5.2. Profit & Loss Account

CONSOLIDATED FINANCIAL RESULTS FOR NOROFERT GROUP

Profit and loss account indicators (lei)	2019	2020	Evolution %
Operating income, out of which:	14,798,106 lei	31,183,917 lei	111%
Turnover	14,859,551 lei	24,377,595 lei	64%
Change in inventories	(106,655) lei	6,091,152 lei	5811%
Other operating revenues	45,210 lei	715,170 lei	1482%
Operating Expenses, out of which:	9,511,107 lei	20,674,274 lei	117%
Cost of Materials, out of which:	5,209,635 lei	9,534,198 lei	83%
<i>Cost of Raw Materials</i>	573,468 lei	2,855,293 lei	398%
<i>Cost of Goods</i>	4,606,531 lei	6,340,438 lei	38%
<i>Other materials-related expenses</i>	29,636 lei	338,467 lei	1042%
Personnel Expenses	1,964,869 lei	4,333,997 lei	121%
Depreciation expenses and value adjustments	(124,006) lei	1,108,851 lei	994%

Other operating expenses	2,460,609 lei	5,697,228 lei	132%
Operating Result	5,286,999 lei	12,190,379 lei	131%
Financial Income	34,489 lei	226,472 lei	557%
Financial Expenses	110,399 lei	3,392,782 lei	2973%
Financial Result	(75,910) lei	(3,166,310) lei	4071%
Total Revenues	14,832,595 lei	31,410,389 lei	112%
Total Expenses	9,621,506 lei	24,067,056 lei	150%
Gross Result	5,211,089 lei	7,343,333 lei	41%
Profit tax/ other tax	588,672 lei	1,397,212 lei	137%
Net Result	4,622,417 lei	5,946,121 lei	29%

INDIVIDUAL FINANCIAL RESULTS OF NOROFERT SA

Profit and loss account indicators (lei)	2019	2020	Evolution %
Operating income, out of which:	14,608,428 lei	30,576,109 lei	52%
Turnover	14,670,599 lei	24,923,735 lei	41%
Change in inventories	(107,382) lei	4,937,204 lei	102%
Other operating revenues	45,211 lei	715,170 lei	94%
Operating Expenses, out of which:	11,082,712 lei	18,917,599 lei	41%
Cost of Materials, out of which:	7,864,981 lei	9,119,362 lei	14%
Cost of Raw Materials	801,008 lei	3,670,882 lei	78%
Cost of Goods	6,839,003 lei	5,158,870 lei	-33%
Other materials-related expenses	224,970 lei	289,610 lei	22%
Personnel Expenses	1,459,853 lei	3,751,798 lei	61%
Depreciation expenses and value adjustments	(252,111) lei	780,820 lei	132%
Other operating expenses	2,009,989 lei	5,265,619 lei	62%
Operating Result	3,525,716 lei	11,658,510 lei	70%
Financial Income	34,488 lei	226,472 lei	85%
Financial Expenses	89,452 lei	3,309,589 lei	97%
Financial Result	(54,964) lei	(3,083,117) lei	98%
Total Revenues	14,642,916 lei	30,802,581 lei	52%
Total Expenses	11,172,164 lei	22,227,188 lei	50%
Gross Result	3,470,752 lei	8,575,393 lei	60%
Profit tax/ other tax	543,571 lei	1,383,417 lei	61%
Net Result	2,927,181 lei	7,191,976 lei	59%

For the profit and loss account of Norofert SA from the last 4 years (2016 - 2019), we invite shareholders to go through the annual report, available [here](#).

5.3. Cash-flow

CASH FLOW STATEMENT FOR NOROFERT SA

Description	Rd.	31/12/2018	31/12/2019	31/12/2020
+ Profit or Loss	1	513,994 lei	2,927,181 lei	7,191,976 lei
+ Amortization & Provisions	2	518,853 lei	- 252,110 lei	780,820 lei
- Change in Inventories (-/+)	3	424,800 lei	1,731,320 lei	8,064,094 lei
- Change in Receivables (-/+)	4	894,932 lei	13,535,999 lei	6,562,747 lei
+ Change in Trade Payables (-/+)	5	487,260 lei	6,070,675 lei	- 1,067,065 lei
+ Change in other debts (-/+)	6	29,821 lei	1,007,782 lei	1,934,011 lei
+= Cash flow from operations	7	230,196 lei	- 5,513,791 lei	- 5,787,099 lei
- Investments made - total, of which:	8	180,545 lei	408,239 lei	821,338 lei
+= Cash Flow from Investing	9	- 180,545 lei	- 408,239 lei	- 821,338 lei
+ Changes in amounts due to credit institutions (= -) total, from:	10	73,182 lei	- 725,821 lei	- 8,615,781 lei
+ Short-term debt (below 1 year)	11	66,924 lei	- 662,807 lei	- 878,729 lei
+ Medium-and Long-term debt	12	6,258 lei	- 63,014 lei	- 7,737,053 lei
+ Bonds	14	-	-	11,500,000 lei
+= Cash Flow from Financing	15	73,182 lei	- 725,821 lei	2,884,219 lei
- Variation of other assets (-/+)	16	- 72 lei	44,804 lei	- 29,702 lei
+ Variation of other liabilities (-/+)	17	- 568,200 lei	6,764,778 lei	3,691,893 lei
+= Cash Flow from other activities	18	- 568,128 lei	6,719,974 lei	3,721,595 lei
+ cash at beginning of perios	19	499,318 lei	54,024 lei	126,147 lei
+= Net cash flow	20	-445,295 lei	72,123 lei	- 2,623 lei
+ Cash at the end of period	21	54,023 lei	126,147 lei	123,524 lei

VI. Signatures

This report was drafted on March 23rd, 2021, and it is signed by the President of the Board of Directors of Norofert SA.

CEO & President of the Board of Directors
Vlad Andrei Popescu