

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

CURRENT REPORT 07/2022

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

Date of report	23.02.2022
Name of the Company	NOROFERT S.A.
Registered Office	Bucharest Str. Lt. Av. Șerban Petrescu Nr. 20, Ground Floor, Room 1 and 2, District 1.
Phone	031 860 21 01
Email	investitori@norofert.ro
Registration nr. with Trade Registry	J40/4222/2000
Fiscal Code	12972762
Subscribed and paid share capital	6,859,152 lei
Total number of shares	17,147,880
Market where securities are traded	SMT AeRO Premium, symbol NRF for shares Bonds-SMT, symbol NRF25 for bonds

Important events to be reported: Availability of the unaudited preliminary financial results for 2021

The management of Norofert S.A. (hereinafter referred to as “Company”) informs the market about the availability to the public of the unaudited preliminary financial results for 2021.

The preliminary financial results are available on the website of the company, www.norofert.ro, in the dedicated section “Investors” / “Financial Results”, on the website of the Bucharest Stock Exchange, www.bvb.ro, symbol: NRF, as well as are attached to this current report.

PRESIDENT OF THE BOARD OF DIRECTORS

Popescu Vlad Andrei



Preliminary Financial Results for 2021

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

**Simple and profitable
ecological agriculture.**

With Norofert.

www.norofert.ro



TYPE OF REPORT	UNAUDITED PRELIMINARY FINANCIAL RESULTS
FOR FINANCIAL PERIOD	01.01.2021 - 31.12.2021
REPORT DATE	23.02.2022
ISSUER'S NAME	NOROFERT S.A.
REGISTERED OFFICE	BUCHAREST STR. LT. AV. ȘERBAN PETRESCU NR. 20, GROUND FLOOR, ROOM 1 AND 2, DISTRICT 1
WORKING POINT	63 JUSTIȚIEI STREET, BUCHAREST, SECTOR 4
PHONE NUMBER	+40 31 860 21 01
EMAIL	INVESTITORI@NOROFERT.RO
FISCAL CODE	12972762
TRADE REGISTRY NUMBER	J40/4222/2000
MARKET ON WHICH THE SECURITIES ARE TRADED	MTS SEGMENT OF THE BUCHAREST STOCK EXCHANGE
SUBSCRIBED AND PAID-UP SHARE CAPITAL	6,859,152 LEI
KEY CHARACTERISTICS OF THE SECURITIES ISSUED BY THE COMPANY	17,147,880 SHARES WITH A NOMINAL VALUE OF 0.4 LEI PER SHARE
SYMBOL	SHARES: NRF BONDS: NRF25

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

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The interim financial results as of December 31st, 2021 presented on the following pages are **not audited**.

2021 FINANCIAL RESULTS HIGHLIGHTS

- Turnover: **51,473,646 RON**
- EBITDA: **11,729,013 RON**
- Operational Profit: **11,247,888 RON**
- Net Profit: **8,235,219 RON**
- Percentage of receivables collected: **99.4%**
- Realised Investments: **8.86 mil RON**
- Net margin generated by core business: **20%**
- Turnover by business line:
 - Input production – **79%**
 - Seeds – **9%**
 - Trading – **11%**
 - Retail – **1%**
- New products launched: **5**
- Coverage of all important agricultural zones in Romania
- Number of employees: **58**

ABOUT THE ISSUER

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

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

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

The activity of the Group is split onto 2 entities:

- **Norofert Fitofarma** - Romanian Limited Liability Companies (SRL), with Norofert SA holding 99% and Vlad Popescu, CEO and President of the Board having 1%.
- **Norofert USA, LLC** - Ohio Limited Liability company, established in April 2020 as part of Norofert's strategy of expansion to the USA with Norofert SA holding 99% and Vlad Popescu, CEO and President of the Board having 1%.

The company Agroprod CEV SRL, in which Norofert holds, at the time of writing this Report, a 100% stake, was not part of the group's structure in 2021.

Nor the results of Norofert Fitofarma or Norofert USA, LLC are included in the preliminary financial results presented in the following pages, because neither of the two companies had any relevant activity in the fiscal year 2021.

KEY EVENTS IN Q4 AND AFTER CLOSING THE REPORTING PERIOD

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

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

Signing of Contracts

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

Extraordinary and Ordinary General Meetings of the Shareholders

On December 27, 2021, the Ordinary and Extraordinary General Meetings of the Shareholders of Norofert S.A. took place. The most important issues voted by the shareholders were:

- **Approval** of the revocation of the company's auditor - MGMT AUDIT & BPO SRL.
- **Approval** of the election as auditor of Norofert S.A. of the audit company - DELOITTE AUDIT SRL.
- **Rejection** of the increase of the share capital of the Company by cash contribution from the shareholders registered in the Register of Shareholders kept by the Central Depository on the date of registration, by issuing a number of 750,000 new shares with a nominal value of 0.4 lei / share, with the issue price per share calculated according to the method proposed by the convener.
- **Approval** of the mandate of the Board of Directors for prospecting for the acquisition of business in the agricultural field, complementary or competing with the activity of Norofert S.A. and the negotiation and conclusion of acquisitions of participations within companies of this type, within the cumulative value limit of 30,000,000 lei until December 31, 2023.
- **Approval** of the issue (through one or more issue rounds) of corporate bonds.

Full text of the resolutions can be found at [this link](#).

KEY EVENT AFTER CLOSING THE REPORTING PERIOD

Appointment of COO

On January 27th, 2022, the Company informed the market about the appointment of Mr. Mircea Fulga as COO, replacing Mr. Marcel Caruz, who previously held this position. Mr. Fulga joined Norofert team in February 2020 as Manager of Research and Development - Bio Division and coordinated the development of the organic inputs business line, through an efficient program to convert farmers from conventional to organic farming, an important growth vector for the Company. Moreover, Mr. Fulga contributed to the process of including the trading of organic cereals in the service portfolio of the organic division within the Company, thus offering customers the opportunity to capitalize on organic production at advantageous prices, with partners from Western Europe.

Conclusion of an exclusive distribution agreement

On February 15th, 2021, the Company informed the market regarding the conclusion of an exclusive distribution agreement with a company (the "Distributor"), located in the Republic of Moldova. Under the contract, the Distributor will have exclusivity rights to distribute Norofert products on the territory of the Republic of Moldova, for a period of 4 years, starting with 11.02.2022.

FINANCIAL RESULTS ANALYSIS

ROMANIAN AGRICULTURAL CYCLE

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

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

ANALYSIS OF THE 2021 FINANCIAL RESULTS

Agro-meteorological context: Regarding the meteorological situation, 2021 was a normal year, with normal precipitation levels, which have brought good harvests quantitatively, but on average with sub-optimal quality. Prices for the main grains have increased constantly in the first part of 2021 and have remained as such until December, being followed by a small decrease. Amongst the large increases were wheat and sunflower, both on the conventional and organic market.

1. **Increase in sales** of Norofert products from the Organics range comes from the conversion to organic agriculture, which Norofert has sustained completely, of many farmers. Enabling us to have constant increases in sales and client base with each season.
2. Encouraging increases in sales of **soil fertilizers** have come to sustain our new business line which we will inaugurate in due course, with setting up our new production line. Soil fertilizers are an important growth vector and lie at the foundation of all crops, being an indispensable nutrition element in any farm. Due to severe global supply chain issues and the crisis for raw materials (especially metal), we have had a considerable delay in delivery for our soil fertilizer production line, over 6 months. At the time of publication of this report, the production line is still in transit, and upon arrival it will be installed promptly.
3. Development of the **Hobby Gardening** product range through the addition of the Ready-to-Use line, flasks of 500ml to be sprayed directly on plants, being targeted for home use for decorative plants, which do not require supplementary dilution. Next to the good performance of the online Norofert Shop, our partnership with Agrocorm SRL assures us access to physical retail spaces, bringing the volumes we desire to grow our Retail Division in Norofert.
4. **Percentage of receivables collected at 99,4%** in December 2021 is due to a very good agricultural year, in which farmers have been able to capitalize their business and pay their suppliers, also due to a Control Risk Department which had their procedures revised at the beginning of 2021 and has performed well during the two agricultural campaigns of the year. From 2021 Norofert concluded with Coface an **insurance policy** against the risk of non-payment for its portfolio clients. The compensation mechanism with the harvest is an insurance method to collect receivables which will increase in usage in 2022, as the areas for which Norofert sells its products and packages have increased substantially.

5. **Organic grain trading** has seen an increase in 2021, having an 11% share of our turnover. The land areas for organic crops are increasing in Norofert's portfolio and will ensure the development of this division which is an important part of our business model ecosystem, through the increased receivables collection percentage and the services provided to our clients: the selling of their harvest at competitive prices. Crop storages will be supplemented in 2022 in the Zimnicea farm.
6. **Our Research Activity** has increased in 2021, with the collaboration with USAMV – Biotechnology Faculty. There are two important research projects going on for Norofert's long term development strategy. The research infrastructure has been laid since 2021, in the second part of the year with investments in equipment and laboratory materials for product quality control and the development of new products.
7. It is to be noted that our **Revenue and expenditure budget** for 2021 has been surpassed due to the increase in sales of own products, over the estimated for all campaigns of the year. To sustain the sales and improve our cashflow, we have accessed financial instruments as factoring and discounted promissory notes, together with government backed financing through IMM Invest, for which we have used our receivables as collateral. Beside financing sales, Norofert has accessed a back loan to procure fixed assets and equipment held by Agroprod Cev SRL, for the operation beginning 2022 of existing agricultural surfaces. Thus, **current liabilities** (factoring, discounted promissory notes and suppliers) have had an increase of 15,622,277 RON, and the **long-term liabilities** (bank loan for farm, IMM Invest, soil fertilizer production line) have had an increase of 3,660,128 RON.
8. **USA** activity has seen development in 2021 in two important directions: demo plots and in authorized centers for generating officially recognized results, a step that comes to support our entry in the B2B distribution channels, to reach farmers. Also, the online shop was finalized, and the first stock of products have expedited to the USA. After finalizing the OMRI certification for the entire range of Hobby Gardening products we will be able to sell them online, no later than March 2022. In conclusion, we are expecting that in 2022 the USA will generate much awaited results, due to a medium to long term plan which we have assumed as of 2020.
9. **Financial costs** have decreased with 2,053,444 RON due to the change in the manner of awarding discounts, as was announced in our report for 2020. Financial costs of 1,256,145 RON represent the coupon on our bonds and loan payments.

BREAKDOWN OF RECEIVABLES AND COLLECTION PERCENTAGE:

Collection percentage of receivables in the **2020-2021 season**, at 31.12.2021: **99.4%**

At 31.12.2021 new accounts receivables amounted to as follows:

- Value of receivables with due date at 30.07.2022 – 23,365,029 RON
- Value of receivables with due date at 30.08.2022 – 889,046 RON
- Value of receivables with due date at 30.09.2022 – 9,459,712 RON
- Value of receivables with due date at 15.10.2022 – 995,756 RON

The difference of 6,768,832 RON until total receivables of 41,478,375 RON are represented by compensations* not operated by 31.12.2021, which at the moment of redaction have been operated. Also, in this sum a sum of 890,261 RON, receivable older than 120 days, a court case, which will be marked as a provision at 31.12.2021, partially or as a whole, depending on the progress made at the creditor's table.

*Compensations are represented by goods received (wheat seeds treated and untreated, fertilizer and other products or grains) from farmers as payment for Norofert products or packages of products.

FINANCIAL PERFORMANCE

Norofert S.A. has closed 2021 with **8,235,219 RON** in net profit.

Profit & Loss Account Indicators (RON)	31/12/2020	31/12/2021	Evolution %
Operating Revenue, out of which:	30,576,551	49,380,837	61%
Turnover	24,923,735	51,473,646	107%
Change in Inventories	4,937,646	(3,097,341)	(163%)
Other operating revenues	715,170	1,004,532	40%
Operating Expenses, out of which:	21,444,207	38,132,949	78%
Cost of materials	11,645,970	22,165,950	90%
Personnel Expenses	3,751,798	4,731,808	26%
Depreciation expenses and value adjustments	780,820	1,830,095	134%
Other operating expenses	5,265,619	9,472,733	80%
Operating Result	9,132,344	11,247,888	23%
Financial income	226,473	16,713	(93%)
Financial Expenses	3,309,589	1,256,145	(62%)
Financial Result	(3,083,116)	(1,239,432)	(60%)
Total Revenues	30,803,024	49,397,550	60%
Total Expenses	24,753,796	39,389,094	59%
Gross Result	6,049,228	10,008,456	65%
Profit tax / other tax	999,513	1,773,237	77%
Net Result	5,049,714	8,235,219	63%

KEY INDICATORS

	31 December 2020	Calculation	31 December 2021
1. Liquidity indicators			
a) Current Ratio	3.58	$\frac{58,879,231}{18,470,491}$	3.19
b) Immediate liquidity indicator	2.66	$\frac{48,239,376}{18,470,491}$	2.61
2. Risk Indicator			
c) Indebtedness indicator	88.31	$\frac{15,372,637}{21,532,380}$	71.39
3. Activity indicators			
d) Fixed assets turnover	14.41	$\frac{51,473,646}{8,723,585}$	5.90
e) Total assets turnover	0.74	$\frac{51,473,646}{67,602,816}$	0.76
4. Profitability indicators			
f) Return on capital employed	0.28	$\frac{11,090,327}{42,996,244}$	0.26
g) Gross sales margin	36.64	$\frac{11,247,888}{51,473,646}$	21.85

FINANCIAL POSITION

Balance Sheet (RON)	31/12/2020	31/12/2021	Evolution %
Fixed Assets	1,729,772	8,723,585	404%
Current Assets, out of which:	31,962,952	58,210,825	82%
<i>Inventories</i>	8,183,962	10,639,855	30%
<i>Receivables</i>	23,655,106	45,453,733	92%
<i>Cash and cash equivalents</i>	123,524	2,117,237	1,614%
Pre-paid expenses	18,607	668,406	3,492%
Total assets	33,710,971	67,602,816	101%

Balance Sheet (Lei) – individual level	31/12/2020	31/12/2021	Evolution %
Current liabilities	8,939,441	24,561,718	107%
Non-current liabilities	11,712,509	15,372,637	83%
Income in advance	36,156	6,042,082	16611%
Total Liabilities	20,688,106	45,976,437	122%
Equity	13,022,865	21,532,380	65%
Provisions	-	94,000	100%
Total equity and debt	33,710,971	67,602,816	101%

FINANCIAL STATEMENTS

PROFIT & LOSS ACCOUNT OF NOROFERT S.A.

Profit & Loss Account Indicators (RON)	31/12/2020	31/12/2021	Evolution %
Operating Revenue, out of which:			
Turnover	24,923,735	51,473,646	107%
Change in Inventories	4,937,646	(3,097,341)	(163%)
Other Operating Revenues	715,170	1,004,532	40%
Operating Expenses, out of which:	21,444,207	38,132,949	78%
Cost of Materials, out of which:	11,645,970	22,165,950	90%
<i>Costs of Raw Materials</i>	<i>3,500,600</i>	<i>4,879,349</i>	<i>39%</i>
<i>Costs of Goods</i>	<i>7,855,760</i>	<i>16,929,646</i>	<i>116%</i>
<i>Other Material-related expenses</i>	<i>289,610</i>	<i>356,955</i>	<i>23%</i>
Personnel Expenses	3,751,798	4,731,808	26%
Depreciation expenses and value adjustments	780,820	1,830,095	134%
Other operating expenses	5,265,619	9,472,733	80%
Operating Result	9,132,344	11,247,888	23%
Financial Income	226,473	16,713	(93%)
Financial Expenses	3,309,589	1,256,145	(62%)
Financial Result	(3,083,116)	(1,239,432)	(60%)
Total Revenues	30,803,024	49,397,550	60%
Total Expenses	24,753,796	39,389,094	59%
Gross Result	6,049,228	10,008,456	65%
Profit tax / other tax	999,513	1,773,237	77%
Net Result	5,049,714	8,235,219	63%

BALANCE SHEET

Balance Sheet (RON)	31/12/2020	31/12/2021	Evolution %
Fixed Assets, out of which:	1,729,772	8,723,585	404%
Intangible assets	746	1,937,131	259569%
Property, plant and equipment	1,640,365	6,665,953	306%
Financial Assets	88,661	120,501	36%
Current Assets, out of which:	31,962,591	58,210,825	82%
<i>Inventories</i>	<i>8,183,962</i>	<i>10,639,855</i>	<i>30%</i>
Raw materials and consumables	905,905	1,549,916	71%
Finished Products	2,144,553	946,651	(56%)
Goods	1,735,745	4,168,352	140%
Packaging	15,038	44,568	196%
Advances for the stock acquisitions	1,053,821	3,930,368	273%
<i>Receivables</i>	<i>23,655,105</i>	<i>45,453,733</i>	<i>92%</i>
Trade Receivables	20,271,683	41,478,375	105%
Other	3,383,422	3,975,352	17%
<i>Cash and cash equivalents</i>	<i>123,524</i>	<i>2,117,237</i>	<i>1614%</i>
<i>Pre-paid expenses</i>	<i>18,607</i>	<i>668,406</i>	<i>3492%</i>
Total Assets	33,710,971	67,602,816	101%
Current liabilities, out of which:	8,939,441	24,561,718	175%
Third-party providers	5,268,764	10,778,511	105%
Bank debt	1,176,449	8,452,209	618%
Debt to shareholders	0	0	0%
Other short-term debts	2,494,228	5,330,998	114%
Non-current liabilities, out of which:	11,712,509	15,372,637	31%
Bank debt	0	3,680,000	100%
Corporate bonds	11,500,00	11,500,00	0%
Financial leasing	212,509	192,637	(9%)
Income in Advance	36,156	6,042,082	16611%
Total Liabilities	20,688,106	45,976,437	122%
Equity, out of which	13,022,865	21,532,379	65%
Subscribed and paid-up capital	3,209,576	6,859,152	114%
Share premium	6,458,456	13,452,497	108%
Legal reserves	448,820	448,820	0%
Other reserves	8,240	8,240	0%
Retained profit/(losses)	1,849,481	7,471,549	304%
Profit/(loss) for the financial year	5,049,715	8,235,220	63%
Profit distribution	302,461	0	(100%)
Total equity and debt	33,710,971	67,602,816	101%

DECLARATION OF THE MANAGEMENT

Bucharest, February 23rd, 2022

The undersigned **Popescu Vlad Andrei**, as the President of the Board of Directors of Norofert SA, a company headquartered in Bucharest Str. Lt. Av. Șerban Petrescu Nr. 20, Ground Floor, Room 1 and 2, District 1 unique registration code 12972762, serial number at the Trade Register Office J40/4222/2000, confirms to the best of his knowledge that the interim condensed financial statements for the period ended 31 December 2021 give a true and fair view of Norofert's assets, liabilities, financial position and profit and loss, and that the Directors' Report gives a true and fair view of important events that have occurred during the 2021 financial year and their impact on the financial statements of the company.

Vlad Andrei Popescu
President of the Board of Directors

