



2022

ANNUAL REPORT



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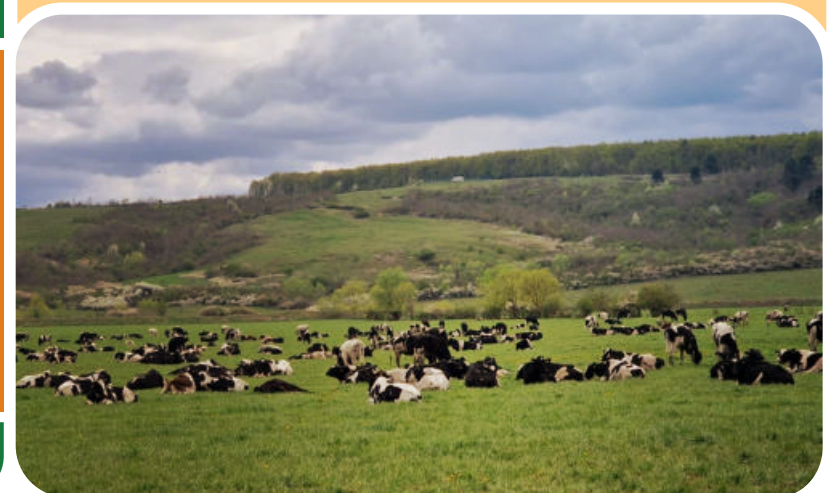
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• The individual and consolidated financial results give a true and fair view of the assets, liabilities, financial position, income and expenses of DN AGRAR GROUP S.A. as required by applicable accounting standards.

• The Management Report provides a true and fair view of the significant events that occurred in FY2022 and their impact.





Issuer Information

Information about this Financial Report

Type of report	2022 Annual Report
For the financial year	01.01.2022 – 31.12.2022
Legal framework	Annex 13 to ASF Regulation No. 5/2018
Report date	27.04.2023

Information about the Issuer

Name	DN AGRAR GROUP S.A.
Tax code	24020501
Commercial Register registration number	J01/730/2008
Registered office	Alba-Iulia, Piața Iuliu Maniu Street, Nr. 1, Bl. 31DE, Alba County, ROMANIA

Information about the securities

Subscribed and paid-up share capital	RON 31,818,844.80
Market on which securities are traded	MTS AeRO Premium
Key features of securities issued by the company	159,094,224 ordinary shares
Symbol	DN

Contact

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ABOUT US

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DN AGRAR - 2022 Benchmarks

TURNOVER

RON 150.79
MILLION



+221.16% vs 2021

TOTAL ASSETS

RON 234.55
MILLION



+59.59% vs 2021

NET PROFIT

RON 13.94
MILLION



+56.83% vs 2021

FIXED ASSETS

RON 160.65
MILLION



+66.63% vs 2021

EQUITY

RON 79.66
MILLION



+21.70% vs 2021

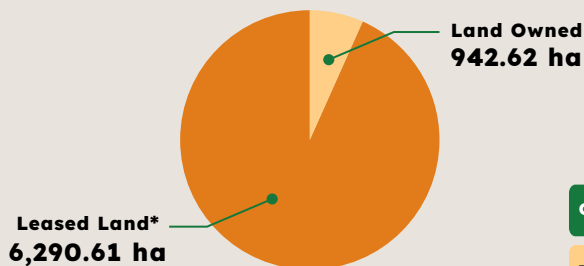
EBITDA

RON 43.34
MILLION

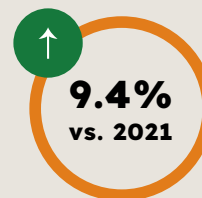


+256.6% vs 2021

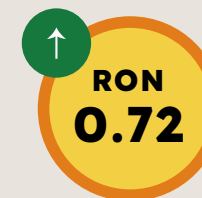
Total area - 7,151.28 ha



Quantity of milk delivered



Closing price of shares



CULTURES	Corn	Triticale	Alfalfa	Wheat	Barley	Sunflower	Peas	Soy	Grass mixture
TONS	40,806	13,895	8,640	1,523	646	377	110	436	416

DN AGRAR - 2022 Benchmarks

OPERATING INCOME

RON 205.42
MILLION



+217.69% vs 2021

SHAREHOLDERS' EQUITY/SHARE

RON 0,50



+21.70% vs 2021

NUMBER OF SHARES

159.094.224

CAPITALISATION

116.45
MILLION

EBITDA PROFITABILITY

32.16%

PROFIT PROFITABILITY

6.79%

ROA

5.94%

ROE

17.50%

DN AGRAR - 2022 Benchmarks

AT CONSOLIDATED LEVEL

PER 12M 2022

8.35

4/4/2023



-36.24% vs 2021

PROFIT/SHARE

8.76

%



+56.83% vs 2021

EPS 12M 2022

0.09

4/4/2023



+56.83% vs 2021

TOTAL ASSETS/SHARE

RON 1.47



+59.59% vs 2021

P/BV 12M 2023

0.67

4/4/2023



-39.92% vs 2021

NET ASSET/SHARE

RON 1.10



+66.45% vs 2021

Q&A with our CEO Jan G. de Boer



2022 marked a year of change for us, from a closed company with a few shareholders to a public company with hundreds of investors with whom we are building a long-term partnership

Q. How would you characterize the year 2022 for DN AGRAR?

In 2022 we became the largest cow's milk producer in Romania, following two horizontal mergers and acquisitions, with an increase of over 60% in total assets, supported by capital market and bank financing, along with a series of investments to achieve circular economy objectives.

2022 marked a year of change for us, from a closed company with a few shareholders to a public company with hundreds of investors with whom we are building a long-term partnership. We focused on strengthening the Group's business, making it more efficient and modern. We have grown to a herd of over 11,000 cows and a cultivated area of over 7,000 ha, well positioned to meet more and more of the local demand for milk. Our daily milk production has reached 140,000 liters and our annual production is almost 50 million liters. In addition to milk production, DN AGRAR grows cereals and crops such as wheat, barley, sunflowers, corn, triticale, soybeans, alfalfa, green peas.

We currently have 15 companies and over 250 employees in our portfolio, with a vision to embrace the circular economy, simply by producing our own food, using green energy and implementing a composting unit to use both as fertilizer for the land and for a new line of business.

Q. What are the plans for DN AGRAR to continue to grow?

Our plans for 2023 and beyond remain ambitious, with a focus on increasing production capacity in a sustainable way, we aim to remain a modern Group and build a platform for further expansion. Our growth equals investment and we work with both short-term and, of course, long-term goals. We believe we are well positioned in the local milk market and already offer a significant quantity of excellent quality milk for local consumption.

The listing opens up new opportunities and we have seen increased visibility for our operations. More transparency and trust building between partners is essential for our stock market journey. The transfer to the main market of the Bucharest Stock Exchange is a step we are considering for 2024 and will give us easier access to a new class of investors, the institutional ones.

We are grateful to the individual investors who subscribed in the 2021 private placement and traded shares after listing. We were the only company listed in 2022 on AeRO that ended the year with a plus in trading price, exceeding the estimates in the memorandum. We are currently simplifying our structure, some DN companies will be integrated into other companies within the group. We implement the SAP solution for our farms, which means consolidated business processes, automated daily operations and advanced reporting functionality. We implement the Agrovir solution and prepare the launch of the Straja project.

Our business has grown through the acquisition of new farms, a process that will continue, aiming to increase profitability, turnover and assets.

Q&A with our CEO Jan G. de Boer

Q. First Covid-19 and then the war in Ukraine shake global economies. What has been the impact on DN AGRAR's operations and results

We are seeing an increasingly volatile environment that is driving us to shorten value chains faster, especially in the ever-changing legislative environment in the EU, including the "Farm to Fork" Strategy and the European Green Pact. Romania has an excellent context to achieve, as in the energy market - autonomy in the food market and we are ready to contribute to this role.

The food sector is and will be permanently affected by many other challenges we face every day, while remaining flexible to find solutions. We have seen costs rise, just like the rest of the economy, so the faster march towards the circular economy is our reality. This will be achieved through new investments in the coming years.

Q. DN AGRAR has started several projects in 2022, many of them focusing on the environment.

Why is this important for DN AGRAR?

Most of our big projects are aimed at circularising our business (composting plant, green energy production), others to expand our production capacity (new milking parlour, Straja Project) and finally to make our operations more efficient.



With the companies in the DN AGRAR group, we intend to continue the projects started in 2022, as well as to carry out several new projects. DN AGRAR carefully adjusts the number of animals to the number of hectares. This also contributes to circular farming. We attach great importance to biodiversity.

With every investment and decision, we consider the effect on biodiversity. Currently, almost 60% of Romania's milk is imported mainly from Hungary and Poland. Our goal is to enable Romanian consumers to enjoy the highest quality milk produced in Romania.

To further increase the efficiency of the Apold Farm, we have signed a partnership for the installation of solar panels, which will provide us with a start-up bonus, an annual bonus and free electricity for the entire Apold Farm, which will contribute significantly to the profitability of DN AGRAR. Following the

conclusion of this partnership, the electricity generated will be transferred to the Apold farm, which will become electricity-neutral and the utility costs will decrease significantly.

Circular farming is a holistic approach to agriculture that aims to minimize waste and maximize resource efficiency. It is based on the principles of the circular economy, which aims to create a closed-loop system where waste is minimized, resources are conserved and products are reused or recycled. In circular farming, farmers use regenerative practices that support soil health and biodiversity while reducing chemical use and cutting greenhouse gas emissions. This includes practices such as crop rotation, soil conservation.

Circular agriculture also emphasizes the use of renewable resources, such as solar energy, and the development of circular supply chains that reduce waste and improve resource efficiency. This includes using local and regional food systems, adopting innovative technologies and creating new business models that support circular farming.

By adopting circular farming practices, we can help address some of the major challenges facing our food systems, including climate change, biodiversity loss and food waste. It offers a pathway to more sustainable and resilient farming systems that can provide healthy and nutritious food while protecting the planet.

Composting manure is a common practice in circular farming because it can turn it into a substance that improves soil health and supports plant growth. Manure is rich in nitrogen, phosphorus and other essential nutrients, making it an excellent source of fertilizer for crops. The use of the resulting

Q&A with our CEO Jan G. de Boer

type of compost for crops is based on a soil analysis in order to know the soil's reserve of mineral elements and to determine the exact type of compost required. Using compost specific to each soil type, depending on its needs, determines the use of the exact amount of nutrients, depending on the type of crop. In this way, soil fertilization is achieved with precision and maximum efficiency.

Q. What are your expectations for 2023 and what are the biggest challenges that your business and industry might face?

In the last three years we have faced pandemic, war and inflation and we have seen a rise in multiple costs such as energy prices, fuel prices, feed and chemical fertilizer costs, including rising interest rates and financing costs. We strive to reduce the effects of these uncertainties on our business. We will continue to invest in and expand new facilities and tools that would reduce costs on the one hand and increase future revenues through increased production capacity on the other. All of these are developed with a focus on the environment, to reduce our footprint and use as much of our own resources as possible.

The complexity of the business involving live animals is managed by an extensive and experienced team of veterinarians and an infrastructure that allows our cows to grow in a healthy environment and provide the highest quality milk.

The impact of the financing has also been analyzed and the growth of the company will allow for improvements in the related indicators, along with other decisions to convert our debt to more favorable terms for the company. Also, at the

level of the Group companies, we have converted loans from RON into EUR, which results in a significant cost reduction. We see 2023 as another complex year, with many adjustments within the company to make it more digital and efficient, with good long-term results for all our stakeholders.

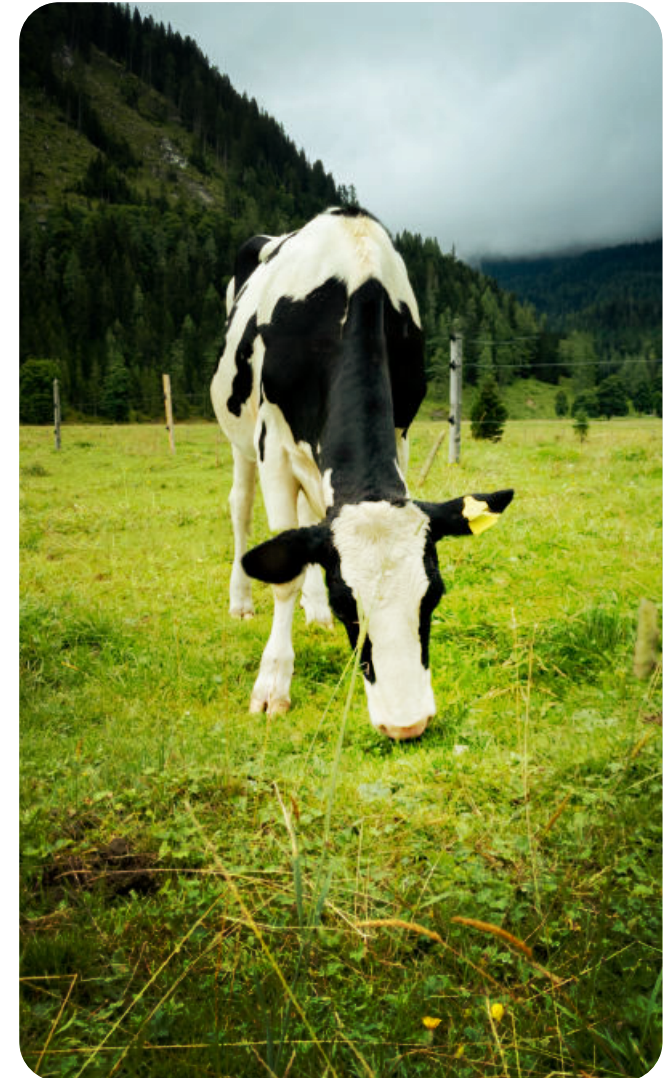
Q. When will the Apold farm extension be completed? And when will the new capacity be fully operational?

It started last year and will be completed at the end of 2023.

Q. The price of milk is falling, there is too much milk on the market, but DN AGRAR continues to increase the number of cows/animals.

How do you address this issue?

There is currently too much milk in Europe, which is the main cause of the price drop. It is worth pointing out that the milk price in 2022 was the highest milk price we have seen in decades. It is normal to have a correction in 2023. I expect milk prices to rise in September. We can't change the market, but we can change our costs, also one option is to dilute our fixed costs by producing more milk.



Q&A with our Zootecnics Manager Adina Trufaş



Q. You have been working for DN AGRAR for many years.

Why is the company a good employer?

I have been working at DN AGRAR for over 12 years and have witnessed many innovations that the founders brought to Romania. I have had the opportunity to develop as a good professional using international best practices in my country and I see this as a great achievement for all of us. I find here a good place to work, learn and grow.

Q. What are the challenges you face in your daily work?

What about in the industry?

My work is dynamic and every day we have different activities on the farms. Caring for thousands of animals every day is challenging, but also rewarding. I also have a responsibility to help my colleagues on all farms to develop teams and grow them successfully, performing well to a high standard, given the continued growth of DN AGRAR operations. In the

Romanian dairy industry, DN AGRAR has reached an important, top position as a milk producer. We are recognized in the market for the excellent quality of our milk. We must therefore maintain this standard and continue to improve it.

Q. DN AGRAR has important growth and development projects.

Does this seem important to you?

We have witnessed the continued growth of the company over the past decade. The key factor has been the investment in our core operations, animal health and treatment. All of this clearly directed towards milk quality. I think it is important that DN AGRAR continues its investment plans. The new projects will ensure a secure and prosperous future for the Company.

Q. When do you think is the best time to carry out maintenance or replacement of farm animals and equipment?

The most important thing for us is keeping our animals healthy. We have steadily increased the number of animals over the years. We follow their life cycle closely, with the calving process taking place gradually, so that every month some of the pregnant cows become lactating. In addition to our productive herds, we also provide young cattle, which we use both to replace non-productive animals and to increase the herds on our farms.

We raise animals outdoors because the benefits are well known, outdoor movement keeps cows healthy and increases milk production, an important aspect the Company takes into account. We have also invested in hundreds of IGLU* cattle hutches. The use of IGLU-type shelters lasts about 3 months, then the calves are transferred to the Prodlact farm (whose

business is raising dairy cattle), where they remain for about 20 months, a period they spend both indoors and in the field. After this period, the cows return to the farm and are integrated directly into the milking cycle.

It is also very important to us that our equipment is in perfect working order, because we work with it 365 days a year. For this, we have a plan for monitoring maintenance and repair work. At the same time, we are investing in improving operational efficiency and automation, as well as training our team of mechanics.

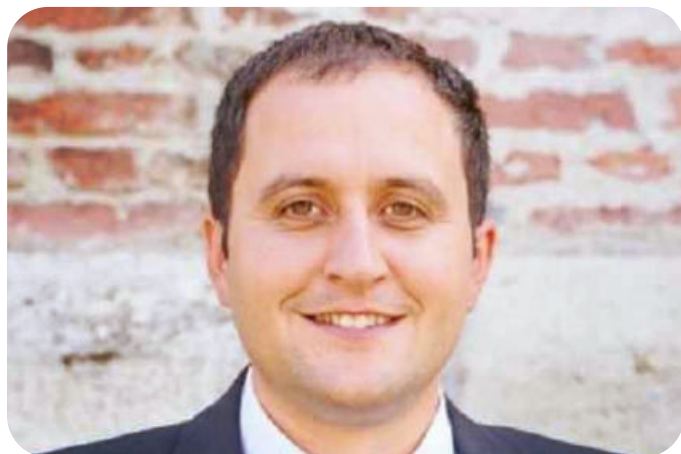
Q. What are your expectations for 2023 in terms of the farms you are responsible for?

For 2023, our goal is to produce more milk, given the recent additional purchases of Holstein cows. This will counteract the fall in milk prices from the beginning of 2023.



**IGLU-type shelters are modern shelters made of fibreglass-reinforced polyester and offer a higher degree of protection for animals, especially used for rearing calves.*

Q&A with our Agriculture Manager Dan Bogdan



Q. How long have you been part of the DN AGRAR team and how do you contribute to the development of the Company?

I started working for DN AGRAR more than 10 years ago and it is amazing to me how the Company has developed over the years. Focusing on excellent product quality was a very important approach and I enjoyed growing professionally and personally within the Company. I've had the opportunity to contribute to the Company's performance by doing what I'm passionate about.

Q. How would you describe the last year in terms of crop planning?

Agriculture is an area where every year we have to take into account several factors such as weather, soil, human resources, chemicals and so on, which could have an impact

on the results at any time. Last year was difficult because of the dry summer period, which affected maize production in particular. In sunflowers, we have a normal year because sunflowers are not as demanding a crop as maize when it comes to water shortage. Overall, our farms are very well located in Romania geographically, which protects us in most years when we face severe drought.

Q. What are the main challenges you face in 2022?

Among the challenges of the past year, we can mention the rapid increase in raw material prices. The same was true for fuel prices, diesel. There were situations where these products were missing from the market. Over the years, we have learned to manage uncertainty, to channel our attention and energy towards finding concrete solutions and solving problems. Our next goal is to increase circularity and autonomy.

Q. What strategies do you use for pest and weed management?

We are moving more and more towards natural products, and even more so with our compost factory. As for traditional substances, every year some old active substances are removed and new ones are introduced. For this, we meet regularly with the pesticide company representative, who keeps us informed about the new version of the active substance. Of course, in their use, one has to take into account the specific field, the type of farming we do, the crop, the soil and climate conditions and, of course, the economic results.

Q. DN AGRAR made an important investment in machinery last year. How do you determine what equipment to invest in?

We are a big company and we operate our machines at their best. We use tractors for both agriculture and zootechnics. So the investments we've made over the years have paid off in a big way, because we use the machines very intensively to do a lot of work in a short period of time every year. Therefore, it is important to have very good and well-maintained equipment and machinery to be used exactly when needed.

Q. What are your plans for this year in terms of crops?

Our objective this year is to increase the area for cereal production, especially wheat and triticale. This will allow us to produce more food for our growing number of animals. The maize area will also increase, given its importance in animal feed. We have decided to stop sunflower production because the price of seeds is down by almost 50% and raw materials are up by 10%, making it very difficult to make this crop profitable.



KEY EVENTS 2022

FEBRUARY

DN AGRAR was listed on the AeRO market of the Bucharest Stock Exchange.



JUNE

Launch of SAP- ERP solution for Lacto Agrar farm.



JULIE

Investments have started for the Apold farm project

- The new milking parlor on the Apold farm has been completed.
- The renovation of the current milking parlor has begun.
- Animal shelters and additional halls for storing fodder have been built.



APRIL

Apold farm takeover successfully completed

DN AGRAR has become

LEADER

in cow's milk production in Romania

AUGUST

DN AGRAR has increased its total assets by 50% compared to the figures published on 31.12.2021

TOTAL ASSETS

RON 218.74 MILLION

KEY EVENTS CONTINUE ON THE NEXT PAGE ➔

KEY EVENTS 2022

SEPTEMBER

- In the first 9 months of 2022, DN AGRAR GROUP S.A. tripled its revenues compared to the same period in 2021
- Construction has started on a new manure tank for the Lacto Agrar farm

DN AGRAR GROUP reported in the first 9 months of 2022 a turnover of RON 103.23 million (an increase of +221.45%) and a net profit of RON 10.6 million (an increase of +249.5%), compared to the analyzed period of 2021



DN AGRAR was included in the TOP 10 companies in the BETAeRO index



We wish to develop through the capital market, which offered us the opportunity to finance new investments in Romania. The entrance in the market reference index confirms the Company's attractiveness and the increasing interest from the investors, to whom we thank for their trust in DN AGRAR's vision as an integrated agricultural business, part of circular economy.

Jan de Boer, Chairman of the Board of Administration of DN AGRAR GROUP



OCTOBER

DN AGRAR has acquired 400 Holstein cows as part of the Apold farm development plans

- Modernization of both milking halls of Apold has been completed



DECEMBER

- DN AGRAR entered for the first time in VEKTOR evaluation
- **Approx. 50 million liters of milk delivered in 2022**



What did 2022 mean for DN AGRAR?

FEBRUARY

• DN AGRAR was listed on the Bucharest Stock Exchange on the AeRO market in February 2022, following the successful completion of the private placement of shares in July 2021, which attracted up to RON 24.8 million from investors.

• For DN AGRAR, the year 2022 meant the consolidation of the group's activity and new investments.

APRIL

• The takeover of the Apold farm was successfully completed in April 2022, with the main objective of increasing the farm's milk production capacity by 50% by the end of the year in 2023. The investment project included the construction of an additional milking parlour, animal shelters, an increase in livestock numbers and an additional feed storage hall.

• In 2022 we became the largest cow milk producer in Romania, following two horizontal mergers and acquisitions (the acquisition of Lacto Agrar and Apold farms), with an increase of more than 50% in total assets, investments supported by both stock market and bank financing.

JUNE

• June 2022 saw the launch of the SAP solution for the Lacto Agrar farm to streamline and automate daily operations and advanced reporting functionality.

JULY

The investments for the Apold farm consisted both in the construction of a new milking parlour to international standards, a project completed in June and financed by a bank loan, and in the renovation of the current milking parlour, the renovation value of which amounted to €100,000 and was financed entirely from own sources, including construction and commissioning.

AUGUST

• Among the 33 companies included in BETAeRO's SMT, DN AGRAR was among the companies with the highest turnover growth in the first 6 months, with more than 240% compared to the same period of 2021.

SEPTEMBER

• DN AGRAR shares have been listed in the BETAeRO index of the most traded companies in the MULTILATERAL TRANSACTION SYSTEM SMT since 19 September, with a weight of 3.69% in the index basket, at a reference share price of RON 0.7000 and a free float of 0.3. In order for a company to be included in the BETAeRO index basket, at the time of analysis, it must have a liquidity ratio of at least 0.5% (50 bps) and a free-float capitalization of at least RON 5 million.

• DN AGRAR was among the companies with the highest turnover growth in the first 9 months. The Company tripled its revenue compared to the same period of 2021.

• For the Lacto Agrar farm we started in September the project for the construction of a new manure tank. The land is prepared, covered with geomembrane and is functional.

OCTOBER

• Since October, both milking parlours have become operational and with the purchase of 400 Holstein cows from Germany, the Apold farm has seen a 40% increase in capacity. Also, as foreseen in the investment project for the Apold farm, we have completed the construction of animal housing as well as an additional feed storage hall.

DECEMBER

• DN AGRAR scored 8.5 in ARIR's first VEKTOR assessment of the AeRO market in 2022, a welcome result that demonstrates the Company's strong interest in transparently addressing areas for improvement in its communication with investors and its commitment to target the maximum score in 2023.

• In consolidating our position as market leader in Romania in cow's milk production, in 2022 we delivered approx. 50 million liters of milk.

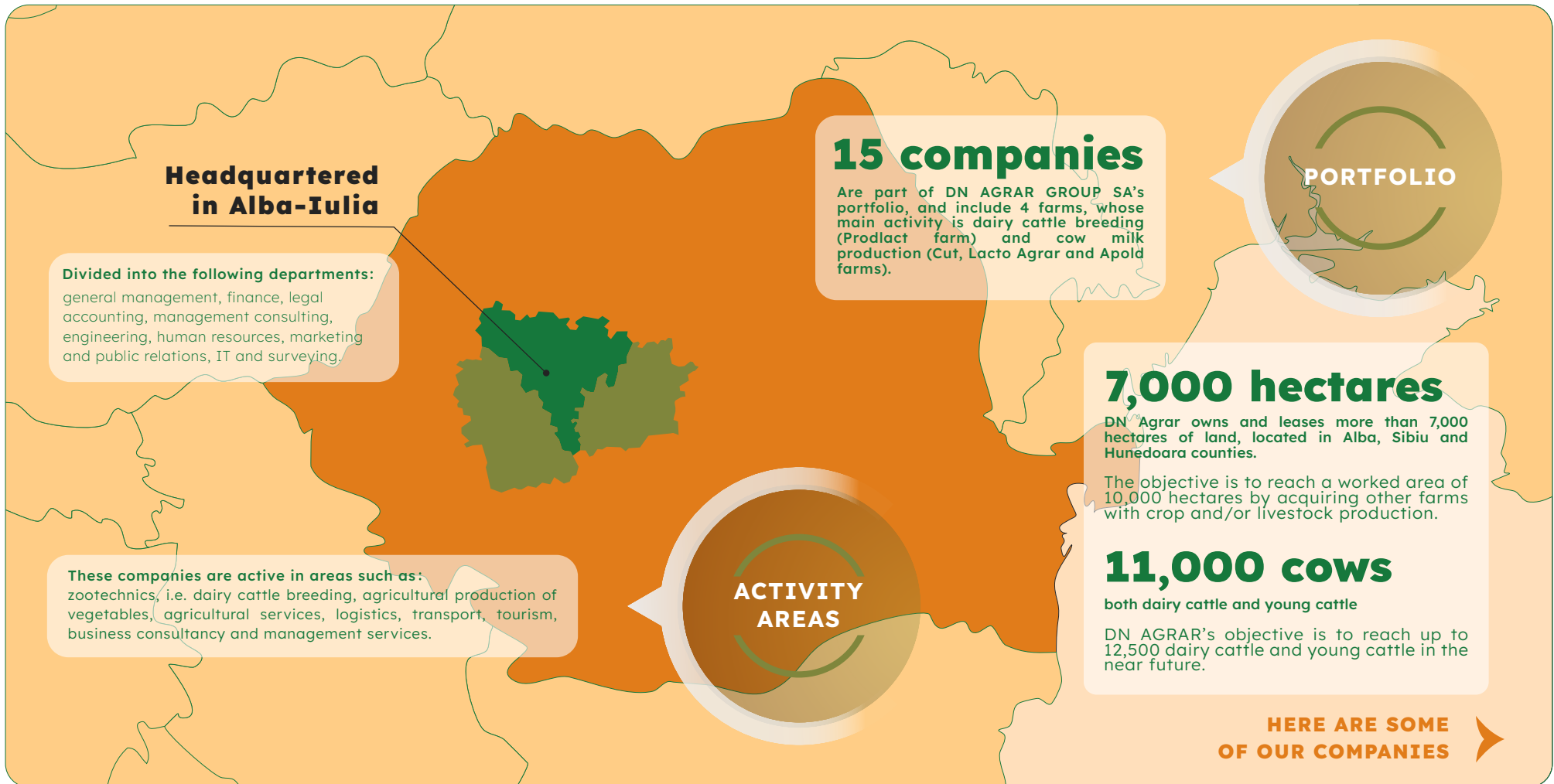
DN AGRAR BUSINESS MODEL

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Presentation of DN AGRAR

The Company started its activity in Romania in 2008, through the initial lease of 23 ha of agricultural land in central Transylvania, in the counties of Alba, Sibiu and Hunedoara - financed by Mr. Jan G. de Boer, and since 2010 through foreign investments.



Presentation of DN AGRAR

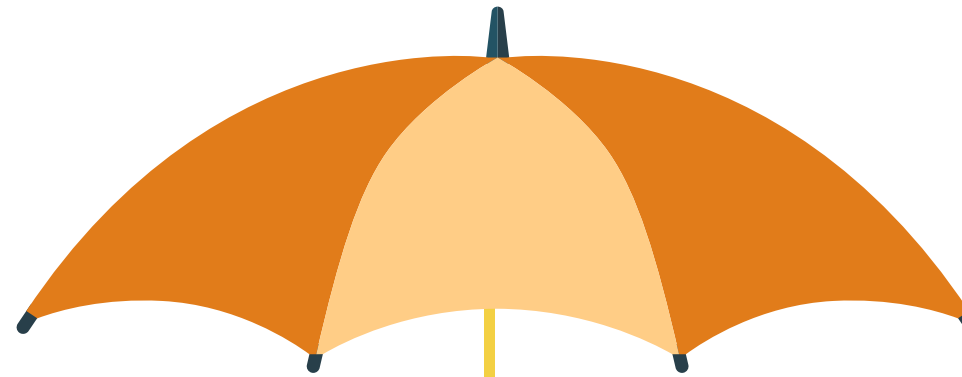
DN AGRAR CUT FARM

Located in the village of Călnic, DN1, Alba County, it was inaugurated in 2021. In addition to the main activity of cow's milk production, the farm is also active in the cultivation of cereals (except rice), leguminous plants and soya. Most of the cereal and vegetable production is used as feed for the farm's dairy cows.

The DN AGRAR CUT farm is equipped with technological equipment to European standards, with a herd of over 1,800 dairy cattle. The business is managed by **41 employees**, working with modern technological equipment and using state-of-the-art animal monitoring systems.

DN AGRAR CUT also has a rotary milking parlour with **60 milking stations**, where between 300 and 350 cows/hour can be milked, with a production of 35,000 liters of milk per day. An important element to point out here is the **milk cooling unit**, with the help of which the temperature of milked milk is reduced from 37°C to 4°C, to be loaded directly into trucks and transported to the processors.

The farm also has a manure storage lagoon.



CUT FARM

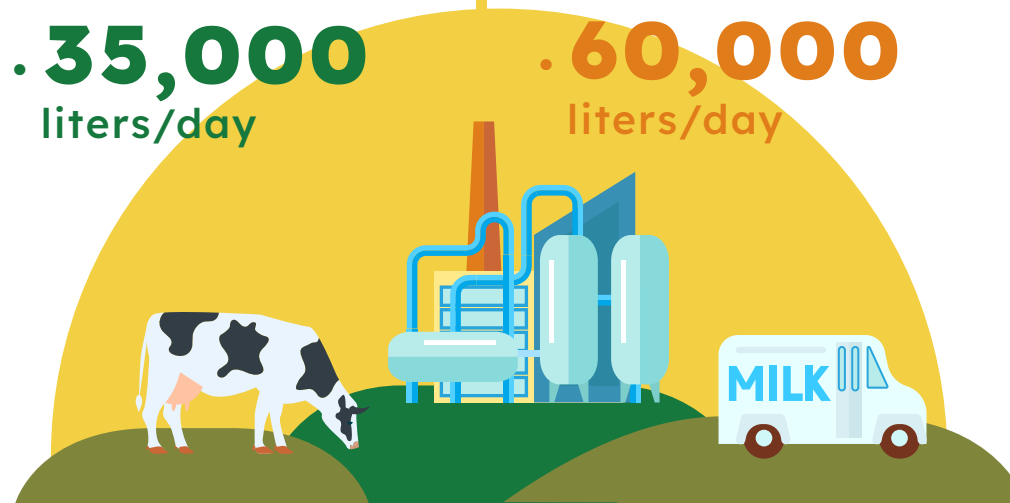
• over **1,800** dairy cattle

• **35,000** liters/day

APOLD FARM

• over **3,000** dairy cattle

• **60,000** liters/day



DN AGRAR APOLD FARM

Located in the village of Gârbova, Alba County, it is one of the farms of the DN AGRAR group, whose main activity is the production of cow's milk and feed grain. The DN AGRAR APOLD farm has 5 stables with a total herd of more than 3,000 dairy cattle, the activity being managed by **62 employees**.

DN AGRAR APOLD has **2 milking parlours with 60 milking stations each**, where 480 cows/hour can be milked, with a current production of over 60,000 liters of milk per day. Apold's main objective is to double the farm's milk production to 100,000 liters per day by the end of 2023.

The farm also has **3 milk tanks** with a total capacity of about 100,000 liters of milk, as well as calf hutches, "igloos", with a capacity of about 600 places.

In addition, the DN AGRAR APOLD farm has a **feed mill and a grain storage warehouse**.

There are also **2 manure storage ponds** near Apold Farm, with a total capacity of over 50,000 m³, one of which was inaugurated this year.

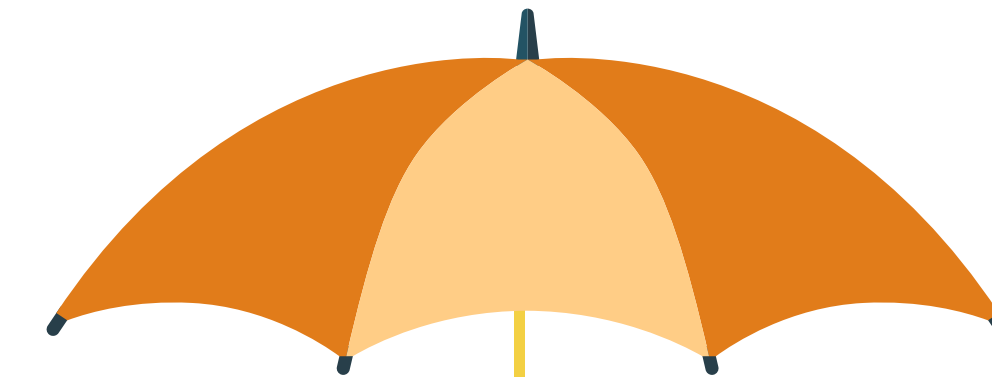
Presentation of DN AGRAR

LACTO AGRAR FARM

From December 2021, Lacto Agrar farm is officially a member of DN AGRAR GROUP SA. The farm is located in the city of Vaidei, Hunedoara County, Romania. DN AGRAR has invested heavily in this company in previous years. The investments have been used to renovate, restructure and develop the farm. Lacto Agrar houses dairy cows, young cattle and **the largest milking parlour in Romania**. The land, which belongs to Lacto Agrar farm, is cultivated with corn, triticale, cereals and alfalfa. Lacto Agrar offers job opportunities, education, excellent milk quality and an input for more fertile soil in the area.

The farm operates with a strong focus on sustainability and animal welfare. The cows are kept in spacious, well-ventilated barns. Lacto Agrar also uses advanced technology to monitor and optimize cows' diet, health and milking processes.

In addition to the production of dairy products, Lacto Agrar is also involved in the production of high quality agricultural raw materials such as seeds, manure and animal feed. The Company works closely with local farmers to provide them with the knowledge and resources they need to improve their yields and profitability.



LACTO AGRAR FARM

- **largest** milking parlor in Romania
- **focus on sustainability**

PRODLACT FARM

- **growth of young cattle used in Apold and Cut farms**
- **our cows are treated with care**



FERMA PRODLACT

Located in Pianu de Jos, in Alba County, it houses young cattle, used for the other 3 farms in the Group.

Our cows are treated with care and attention to prepare them for replacement on existing farms and to increase the production capacity of the dairy herd for the future.

Young cows are kept free range, in fields, where they have shelter from bad weather, which is extremely important for bone development, especially the legs, which are vital for future dairy cows.

This farm takes a responsible and sustainable approach to zootechnics, ensuring that young cattle are fed quality feed and receive the necessary medical care to ensure healthy development.

The farm also has a **qualified and dedicated staff who ensure that all animals are treated with respect and kept in hygienic and welfare conditions.** This farm takes a sustainable and environmentally responsible approach, ensuring that all operations are carried out with minimal environmental impact.

Presentation of DN AGRAR

DN AGRAR SERVICE

With more than **40 employees**, DN AGRAR Service provides all, high quality, agricultural services for all companies in the DN AGRAR group, as well as outside the group, on an agricultural area of approximately 7,000 hectares. It now has a **modern fleet of machinery**, up to European standards, including high-performance tractors, machinery used in agricultural work, agricultural trailers for transporting crops, and 24-tonne semi-trailer trucks for transporting crops by road for storage or recovery.

The entire fleet of equipment and vehicles is monitored with **advanced GPS Agro monitoring systems** and the data is centralized and analyzed within customized software programs for agricultural activities. This contributes to efficient planning and management of agricultural operations, while ensuring better use of resources and reduced production costs.

The staff is made up of experts in the field, who ensure excellent quality of agricultural work. They have the knowledge to optimize production and achieve high yields from cereal crops, while ensuring that all operations are carried out responsibly and sustainably. Weather remains, of course, the main factor in soil productivity.

DN AGRAR SERVICE also has a team of specialized contractors, who take care of everything from site organization to the purchase of materials, interventions and various repairs.

DN AGRAR LOGISTICS

DN AGRAR Logistics is a provider of logistics and freight forwarding services, focusing in particular on the transport of grain and cow's milk. The company has a **fleet of specialized vehicles** for the transport of these goods, both nationally and across Europe.

To ensure efficient and safe transport management, DN AGRAR Logistics uses **advanced real-time GPS fleet monitoring systems**. This helps to optimally plan and manage transport routes, ensuring timely and accurate delivery of goods.

Freight transport is carried out by specialized vehicles, which are equipped with everything needed to transport the goods safely. They transport grain and cow's milk, but can also offer other freight services, depending on customer needs.

In terms of logistics, DN AGRAR focuses on optimal planning and management of all transport operations. DN AGRAR Logistics' transport coordinators are experienced and well-trained in freight management. They use the latest technologies and methods to ensure efficient transport logistics processes.

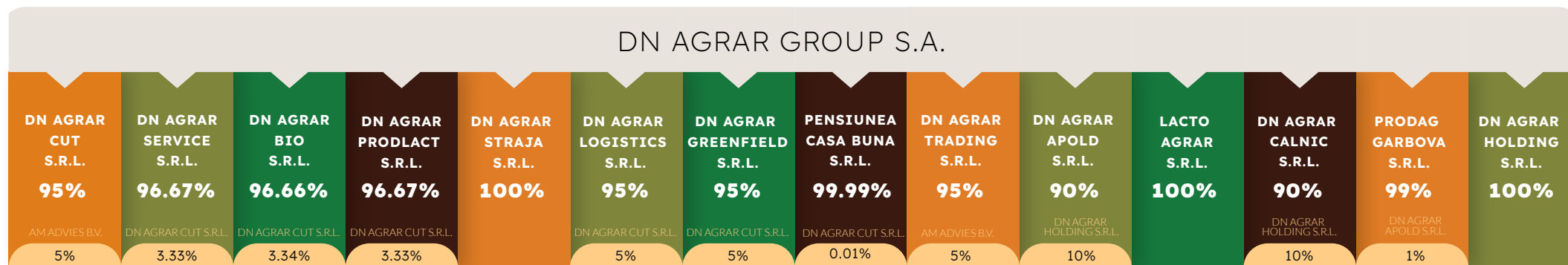
DN AGRAR Logistics has an **extensive network of collaborators and partners**, which allows the Company to be a reliable partner and offer transport services nationally and internationally. This means that our customers benefit from fast and efficient transport, regardless of their location or destination.

DN AGRAR Logistics is dedicated to providing its customers with the highest quality freight forwarding services with a special focus on safety, efficiency and customer satisfaction. For this reason, DN AGRAR Logistics is a **reliable partner** for companies in need of high-quality freight forwarding and logistics services.



Presentation of DN AGRAR

The chart below shows the percentage of capital that DN AGRAR GROUP SA holds in each of its portfolio companies:



DN AGRAR GROUP S.A. holds directly and/or indirectly* shares to which voting rights are attached, in the following companies:

- 1 1 DN AGRARAPOLD S.R.L. - direct shareholding 90% + indirect shareholding (via DN AGRAR Holding SRL) 10%
- 2 2 DN AGRARCALNIC S.R.L. - direct shareholding 90% + indirect shareholding (via DN AGRAR Holding SRL) 10%
- 3 3 DN AGRARTRADING - indirect shareholding (via DN AGRAR Cut SRL) 95%
- 4 4 DN AGRARCUT - direct shareholding 95%
- 5 5 DN AGRARHOLDING - direct shareholding 100%
- 6 6 LACTO AGRAR - direct shareholding 100%
- 7 7 PRODAG GARBOVA S.R.L. - direct shareholding 99% + indirect shareholding (via DN AGRAR Apold SRL) 1%
- 8 8 DN AGRAR STRAJA S.R.L. - direct shareholding 100%
- 9 9 DN AGRAR Bio S.R.L. - direct shareholding 96.66% + indirect shareholding (by DN AGRAR Cut SRL) 3.173%
- 10 10 DN AGRARLOGISTICS S.R.L. - direct shareholding 95% + indirect shareholding (by DN AGRAR Cut SRL) 4.75%
- 11 11 DN AGRARPRODLACT S.R.L. - direct shareholding 96.67% + indirect shareholding (by DN AGRAR Cut SRL) 3.16%
- 12 12 DN AGRAR SERVICE S.R.L. - direct shareholding 96.67% + indirect shareholding 3.1635%
- 13 13 DN AGRARGREENFIELD S.R.L. - direct shareholding 95% + indirect shareholding (by DN AGRAR Cut SR) 4.75%
- 14 14 PENSIUNEA CASA BUNA S.R.L. - direct shareholding 99.99% + direct shareholding (by DN AGRAR Cut SRL) 0.0095%

*the indirect shareholding share has been calculated pro rata



Our strategy

Our strategy is to promote sustainable and regenerative farming practices that **maximize productivity, reduce environmental impact and ensure long-term profitability.**

We believe that by investing in farmers, communities and the environment, we can build a resilient and sustainable food system that benefits everyone. Key strategic priorities of DN AGRAR include:

- Producing milk of the highest quality while prioritizing the welfare of our cows.
- Implementing innovative farming practices that promote soil health, biodiversity and carbon sequestration.
- Growing and harvesting high quality, sustainable, nutritious and sustainable crops that support health of our planet.
- Supporting our farmers and employees through education, training and fair compensation.
- Building strong relationships with our customers, suppliers and partners by acting with transparency and accountability throughout the supply chain.
- Investing in research and development to continuously improve our products and processes.
- Adopt technology and data-driven decision making to increase efficiency and reduce waste.

Through these efforts we aim to become a leading agricultural business, recognized for its commitment to sustainability, innovation, social responsibility and food quality.



Our strategy

OUR PURPOSE



Happy cows - healthy milk - satisfied customers

VALUES

Courage

We are bold and serious in our work, open to the new

Integrity

We do the right thing and earn the trust of our customers and partners

Teamwork

Together we work, together we succeed, together we improve our performance

Care

We care about our customers and partners, our colleagues and the communities in which we operate

Humor

We're modest, down-to-earth and always know how to enjoy a good joke

VIZIUNE

**Providing high quality dairy products - Sustainability
Animal welfare - Community involvement - Innovation and growth**

GROWTH DRIVERS



Improve sustainability



Increase productivity



Diversification of product and markets



Increase profitability



Build strong relations

Our purpose

HELLO! 😊
happy cows

😊❤️ XOXO
satisfied customers

healthy milk

Wow!! 😲

Happy cows Healthy milk Satisfied customers

DN AGRAR's goal is to produce, grow and distribute agricultural products to meet consumer demand. These products include crops, livestock, dairy and other agricultural commodities.

DN AGRAR's objectives are to increase efficiency, create shareholder value and ensure sustainable production practices. All this involves managing resources such as land, water, manure and labor, as well as using technology and innovation to improve yields and reduce costs.

In addition to meeting the needs of customers and consumers, DN AGRAR also plays an important role in the economy and society as a whole, providing employment opportunities, supporting rural communities and contributing to food security and the general well-being of the population. DN AGRAR is one of the main partners of the Maria Beatrice Medical Center, a medical center for children with disabilities.

Our vision

Provide high-quality dairy products
Animal welfare
Sustainability

Involvement of the community
Innovation and growth

Supply of high-quality milk products: DN AGRAR Farms propose to produce high-quality milk and milk products, that meet and/or exceed Romanian industry standards in terms of taste, nutrition, quality and safety standards. All produced in Romania.

Sustainability: All DN AGRAR Group farms have the vision to be sustainable, both ecologically and financially. The aim is to minimize environmental impact through practices such as waste reduction, water and energy conservation, use of renewable energy sources, manure management.

Animal welfare: DN Farms prioritize the welfare of our animals, ensuring they are well cared for, healthy, have access to comfortable living conditions and are supervised 24/7 by veterinarians. DN AGRAR aims to be an active participant in the community by supporting local businesses, providing sponsorships and interacting with locals through events, tours and educational outreach activities.

Community Involvement: DN AGRAR aims to be an active participant in the community, supporting local businesses, providing sponsorships, and engaging with locals through events, excursions, and educational information activities.

Innovation and growth: DN AGRAR's vision is to expand our operations, invest in new technologies and equipment and adopt new farming practices to remain competitive and continue to grow the group's business.

Our Growth Drivers

DN AGRAR’s specific objectives include increasing efficiency, promoting sustainable farming practices and ensuring the quality and safety of our products supported by motivated and committed teams, while delivering on our promises to meet financial targets.

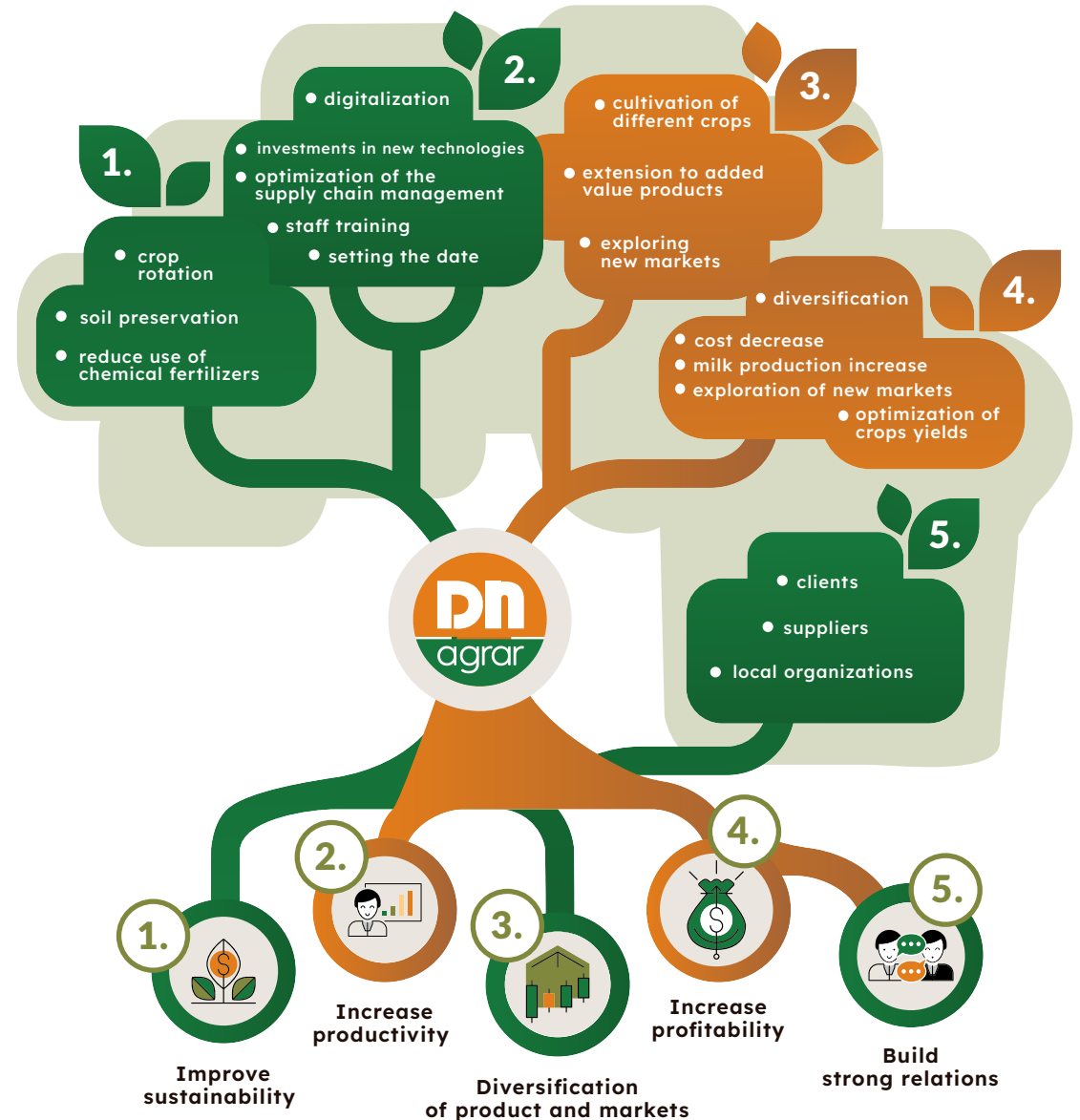
1. Improving sustainability: Agricultural businesses must be sustainable in the long term, which means minimizing negative environmental impacts and ensuring the viability of the land and resources used. Practices such as crop rotation, soil conservation and reducing the use of chemical fertilizers help to achieve this goal.

2. Increased productivity: DN AGRAR must be efficient to remain competitive, so improving productivity is a key objective. This involves investing in new technologies, optimizing supply chain management, digitization, dating and staff training.

3. Diversification of products and markets: Farm businesses can be vulnerable to fluctuations in demand and weather patterns, so diversification can help mitigate risks. This involves growing different crops, exploring new markets and/or expanding into value-added products such as specialty crops.

4. Increased profitability: This is the most important goal of any sustainable company. Maximizing profits can be achieved through several actions, such as optimizing crop yields, reducing costs, exploring new markets, increasing milk production and diversifying.

5. Building strong relationships: Building strong relationships with suppliers, customers and local organizations is crucial. This can help DN AGRAR gain access to new markets, find new suppliers and build a loyal customer base.



DN AGRAR ON THE CAPITAL MARKET

Q&A with our Investor Relations
Manager Peter de Boer 27

Performance Indicators 28



Q&A with our Investor Relations Manager Peter de Boer



Q. How was the first year of listing for DN AGRAR?

DN AGRAR was listed just days before the start of the war in Ukraine and so adjusting to the status of a public company in a bear market was a challenge. It was, however, a good time for the Company because we were ready to grow faster and we have a valid growth strategy through mergers and acquisitions. We were grateful to see investor interest in DN shares and the narrowing of the gap between market value and fair value. With a negative development of the main AeRO market index in 2022, we managed to close on the plus side in terms of share price, with an increase of almost 20% over the price in the private placement, being the only company among all AeRO companies listed last year for which the share price increased from listing in February 2022 to the end of the year.

We have all the prerequisites to further consolidate our leading position, both in the core market and in the stock market.

The share price is important, but not only. We see the alliance with the Romanian capital market as a strategic one that will support our further growth. The interest in our shares and our liquidity led to the inclusion of DN shares in the BET AeRO index in the top 10 companies in the first 6 months after listing.

The first year brought significant changes to our reporting operations, advancing our SAP implementation and preparing us for IFRS reporting in the coming years. We have organized investor calls, attended investor conferences and investor community meetings.

Our listing memorandum has guided our actions and the numbers speak for themselves with increased profitability, revenue and assets.

Q. What are the main initiatives in the area of investor relations?

We are aware of the need to explain and provide more information about our operational activity, as we are the only company on the Bucharest Stock Exchange with this type of activity. Details of our milk production are announced through newsletters.

We propose quarterly reporting and, of course, a new interactive website will help us to further present our work. We also use several visual elements such as videos to further illustrate our operations. We will open the farm gates in 2023 with the first Investor Day in June.

Transparency and measures taken in the first 10 months of listing generated a good result for the VEKTOR by ARIR indicator, which confirmed that we were aligned with market best practices in 2022.

We aim to move into the mainstream market and we are confident that this transfer is the next step in our development.

Q. What are the key elements of the attractiveness of DN AGRAR shares for investors?

DN AGRAR is a growing company with a strong vision for high quality products and animal welfare as well as sustainability through community involvement. We are already innovators, we will continue to adopt global best practices, expand our presence, grow and strengthen our position as a LEADER in Romania in our market segment. We will diversify our products and markets and pursue the circularity of our business.

We believe in building strong relationships with suppliers, customers, local organizations and investors. We are looking for long-term partnerships and we are here to stay. We have all the prerequisites to further consolidate our leading position, both in the core market and in the stock market.

Performance Indicators

DN AGRAR is the only company whose shares increased last year among all AeRO listed companies in 2022

DN AGRAR GROUP - SHARE PRICE EVOLUTION COMPARED TO BETAeRO FROM 2 FEBRUARY TO 30 DECEMBER 2022

Given the share capital increase that took place in 2022 the closing price for the year-end was:



RON 0.72
closing price



Performance Indicators

DN AGRAR 12/31/2022

EBITDA PROFITABILITY **32.16%**

PROFIT PROFITABILITY **6.79%**

ROA **5.94%**

ROE **17.50%**

NUMBER OF SHARES

159.094.224

AT CONSOLIDATED LEVEL

PER 12M 2022

8.35 **-36.24% vs 2021**
4/4/2023

EPS 12M 2022

0.09 **+56.83% vs 2021**
4/4/2023

P/BV 12M 2023

0.67 **-39.92% vs 2021**
4/4/2023

PROFIT/SHARE

8.76 **+56.83% vs 2021**
%

TOTAL ASSETS/SHARE

RON 1.47 **+59.59% vs 2021**

NET ASSET/SHARE

RON 1.10 **+66.45% vs 2021**

CAPITALISATION

RON 116.45
MILLION

EQUITY/SHARE

RON 0.50 **+21.70% vs 2021**

RISKS AND OPPORTUNITIES

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Risks

Collection Risk

The risk that a third party will default on its contractual obligations to the entity, thereby causing it financial loss, is collection risk. In order to eliminate/limit the effects of the occurrence of such a risk, a system of evaluation of both old and new clients has been implemented by monitoring and checking them in the Ministry of Finance's databases, as well as by following the information published in national and local newspapers. Deliveries to new customers are only made on the basis of payment instruments or payment in advance, for traditional customers payment on due date is also accepted, according to the contractual, negotiated provisions.

Price Risk

DN AGRAR GROUP S.A. is exposed to price risk as there is a possibility that the value of services may fluctuate due to changes in market prices.

Credit Risk

It is the likelihood that contracting parties breach their contractual obligations, leading to financial losses for the Company. For loans contracted in the form of investment loans and working capital line, DN AGRAR GROUP S.A. is exposed to the credit risk of a possible delay or default on its payment obligations due to rising interest rates and/or lack of liquidity at maturity.

Liquidity Risk

Liquidity risk management is done by continuously preparing liquidity forecasts for the coming period, monitoring collections from customers according to due dates and requesting payment facilities from suppliers. The aim is to negotiate debt payment terms that are longer than those for debt collection.

In capitalizing its receivables, DN AGRAR GROUP S.A. may have difficulties in obtaining quick liquidity, caused by the behavior of its partners or their inability to pay. Therefore, to meet your own liquidity requirements, the basis of product capitalization is supported by commercial contracts or firm orders, which can provide greater certainty in meeting customer obligations. Also, in order to recover receivables more quickly and to reduce the risk of non-collection or collection beyond the contractual deadline, the company is running contracts with a number of partners on the basis of partial advance collections.

Market Risk

The demand for the Company's services is more elastic than stable, because price levels, beneficiary orientations, and competitors' offers are unpredictable in the medium and long term. Therefore, instability in demand, sales, price, causes market risk for the Company.

To effectively manage market risk, DN AGRAR GROUP SA uses various methods of technical and fundamental analysis:

- Profitability assessments corresponding to the portfolio of customers, products and services
- analysis of profitability in relation to the market price.

The selection of opportunities is done by:

- analyses of the relative value of a product/group of products or services in relation to the market or to the products/services of other similar companies.

Opportunities

- **The excellent positioning of the sector in a complex environment**

The European Union is a substantial producer of milk and dairy products, which are integrated into the Common Market Organization and the Common Agricultural Policy. The EU milk herd has declined in recent years as milk production per cow has improved. In 2020, there were about 20 million cows in the EU, with an average of 7,300 kg of milk produced per cow (European Commission Publications, 2022). EU raw milk production remained stable in 2021 at 161 million tonnes, up just 0.7 million tonnes from 2020. 96% was cow's milk. In 2022, the European Union is the world's largest producer of cow's milk, with 143.9 million tonnes of milk produced (Statista, 2023). Average milk production per cow in Romania is less than half the EU average and three times lower than in the leading EU countries, according to data published by Eurostat in November 2022, quoted by agroinfo.ro.

- **Increasing interest in the internal milk market**

According to data published by the National Institute of Statistics, the quantity of raw milk imported by processing establishments in Romania increased in December 2022 compared to the previous month by 543 tonnes (+4.8%). Compared to December 2021, in December 2022, the quantity of raw milk imported by processing establishments decreased by 4,635 tonnes (-28.1%). Comparing 2022 to 2021, the quantity of raw milk imported by processing establishments increased by 1,329 tonnes (+0.9%) in 2022 compared to 2021.

- **Good share performance in the first year of listing in a declining market**

DN's share price increased by 20% from the private placement price until 30 December 2022. Stock indices closed with declines: BET, by -13.26% and BET AeRO, by -24%. We expect to follow up with greater coverage with analysis reports in 2023 to support good information and understanding of the Company and its prospects. The general development of the capital market and the increase in the number of investors could benefit the Company.

- **Possibility to cover all domestic milk demand**

DN AGRAR is the largest cow milk producer in Romania, following two horizontal mergers and acquisitions, with a 60% increase in total assets, investments backed by private placements raised before the IPO and bank financing. At the same time, we have made significant investments in the Group companies. We followed the plans of the Memorandum and what was promised to investors happened. We have over 11,000 head of cows and a cultivated area of over 7,000 ha.



PERFORMANCE

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DN AGRAR Group Performance and Key Figures in 2022

Indicators	31.12.2022	31.12.2021	Δ%
Operating income	205,421,693.62	64,661,673.90	217.69%
EBITDA	43,344,722.00	16,892,932.00	156.58%
Net profit	13,940,230.00	8,888,910.00	56.16%
Total assets	234,555,704.00	146,975,768.08	59.59%
Equity	79,661,430.00	65,458,017.91	21.70%

TURNOVER

RON 150.79
MILLION



221.16% vs 2021

NET PROFIT

RON 13.94
MILLION



56.83% vs 2021

EQUITY

RON 79.66
MILLION



21.70% vs 2021

NET ASSETS

RON 174.74
MILLION



66.45% vs 2021

TOTAL ASSETS

RON 234.55
MILLION



59.59% vs 2021

EBITDA

RON 43.34
MILLION



256.6% vs 2021

Milk Production Business



Romania has a milk production of almost **4.2 million tonnes**, with a much lower animal yield than other major EU countries, only **3.62 thousand tonnes** of milk, and a per capita production of 215 liters, explains the head of the National Institute of Statistics, Tudorel Andrei, in his recently published book "Romania's foreign trade in agri-food products 1990-2020" published by the Romanian Academy*.

The statistics presented above confirm, once again, a weak development of the livestock sector in Romania compared to the considerable potential we have. Under these conditions, yields much lower than those reported in the livestock sector in countries with notable results in meat and milk production mean that Romania imports significant quantities of agri-food products.

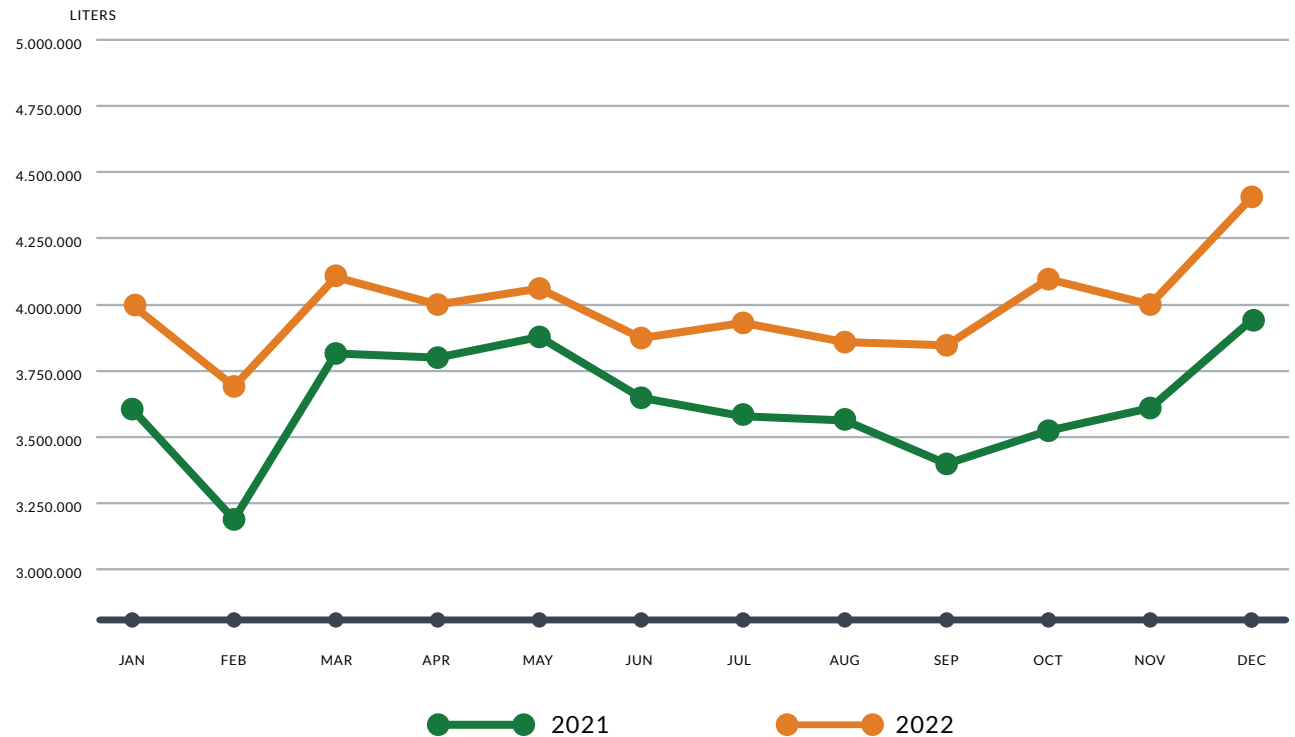
According to data published in the National Strategic Plan (NSP), from 2010 to 2020, both the number of dairy cows and total milk production in Romania decreased by 3.3% and 18.4% respectively.

Compared to 2015, when 1,311,000 head of dairy cows were reported, in 2020 the dairy herd decreased to 1,2300,000 head, the difference of 81,000 head, representing a reduction of 6.17% leading to a decrease in milk production by 6.47%, from 42,663,000 hl in 2015 to 39,901,000 hl in 2020.

The same document also shows that annual milk consumption per capita has increased by 9.19% from 237 liters/capita to 259 liters/capita between 2015 and 2020, while total annual milk production has decreased by 7.54% over the same period.

In terms of milk production, as of 2022, DN AGRAR has produced and delivered approximately 50 million liters of milk. **The increase is about 9.4%** compared to 2021, as shown in the graph below. As can be seen, at the farm level of DN AGRAR, the quantity of milk delivered increased by more than 4 million liters in 2022.

QUANTITY OF MILK DELIVERED IN 2022



*Source: <https://economie.hotnews.ro>

Agriculture and Cereal Production Business

As is well known, the agricultural cycle in Romania is divided into two main seasons, each of which has a different influence on the Company’s financial performance:

Spring campaign: runs from March to May, with harvesting activity in September - October

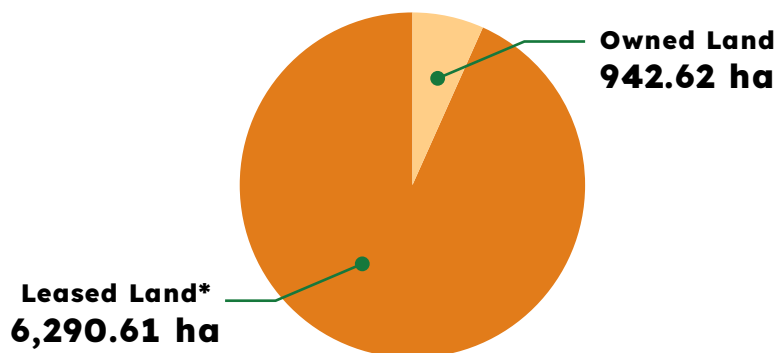
Autumn campaign: takes place between September and October, with harvesting the following year in summer.

In addition to milk production, DN AGRAR is also involved in grain production, which is partly seasonal.

In the field of cereal cultivation, DN AGRAR group companies are currently cultivating 6,232.72 hectares located in the counties of Alba, Sibiu and Hunedoara, and the objective is to reach a cultivated area of 10,000 hectares through the acquisition of other farms with vegetable agricultural production.

The land currently owned by DN AGRAR GROUP SA is 942.62 hectares, to which are added the land under lease contracts, 6,290.61 hectares, for a total of 7,151.28 hectares.

Total area - 7,151.28 ha



2022	Total area	Leased land*	Land owned by DN AGRAR	Worked land	Pastures for cows
LACTO AGRAR	2,081.15 ha	1,946.72 ha	134.43 ha	1,842.10 ha	35.00 ha
DN AGRAR CUT	1,698.99 ha	1,361.36 ha	337.63 ha	1,420.69 ha	223.18 ha
DN AGRAR BIO	65.10 ha	63.95 ha	1.15 ha	45.09 ha	18.95 ha
DN AGRAR GREENFIELD	94.91 ha	94.91 ha	3.69 ha	17.60 ha	67.31 ha
DN AGRAR PRODLACT	211.68 ha	182.42 ha	29.26 ha	-	103.92 ha
DN AGRAR SERVICE	-	-	10.38 ha	-	-
DN AGRAR GROUP	-	-	6.21 ha	-	-
PENSIUNEA CASA BUNA	-	-	6.09 ha	-	-
DN AGRAR STRAJA	-	-	10.68 ha	-	-
DN AGRAR APOLD	1,838.18 ha	1,535.17 ha	347.91 ha	1,096.77 ha	202.88 ha
DN AGRAR CALNIC	238.89 ha	238.89 ha	-	238.89 ha	-
DN AGRAR HOLDING	922.38 ha	914.00 ha	8.38 ha	862.37 ha	57.97 ha
DN AGRAR PRODAG	-	-46.81 ha	46.81 ha	-	-
Total	7,151.28 ha	6,290.61 ha	942.62 ha	5,523.51 ha	709.21 ha

* the areas are leased for contractual periods of 5-15 years

Agriculture and Cereal Production Business



The yields from the established crops are used both to provide the fodder base for DN AGRAR's cow farms (silage maize, alfalfa, silage triticale, grass, wheat straw) and to pay the rent (to those tenants who opt for cereals).

The production of cereals (wheat, maize, barley) and oil plants (soya and sunflower) for sale is also an important business.

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The production of cereals (wheat, maize, barley) and oil plants (soya and sunflower) for sale is also an important business.

CULTURES	Corn	Triticale	Alfalfa	Wheat	Barley	Sunflower	Peas	Soybeans	Grass Mixture
TONS	40,806.29	13,895.97	8,640.95	1,523	646.46	377.22	110.61	436.42	416

Purchase of inputs

DN AGRAR buys the necessary inputs for the plant production process from the open market in Romania, and the Company has commercial relations with more than 10 distributors.

As we are in permanent contact with the largest manufacturers as well as the largest distributors in Romania, we are up to date with the latest and most innovative plant protection products, and the large number of distributors we work with at company level ensures us the best conditions and the best prices on the market, with no risk of creating a monopoly on the purchasing flow.

Sales

In order to obtain the best possible average price, we have decided to sell 25% to 30% of the production immediately after sowing, by concluding a futures contract with delivery immediately after harvest, and another part we store in our silos and sell during the year.

Tehnologia agricolă implementată

DN AGRAR implements modern soil conservation technology on its farms using environmentally friendly minimum tillage technology.

At the Company level, we have set ourselves the goal, as early as 2021, to reduce the purchase of chemical fertilizers and to make much more efficient use of the manure we have, which has much better qualities for both the soil and the plants.

To this end, since 2022, we have made significant investments in this respect, by purchasing a special, high-capacity machine, with which we apply a large part of the semi-liquid organic fertilizers we have, by incorporating the manure directly into the soil, thus greatly reducing the risk of losing, through leaching or evaporation, the useful nutrients in the manure.

Also by incorporating semi-liquid fertilizers directly into the soil, the odor nuisance is greatly reduced.

Since 2022, DN AGRAR has started to apply a differentiated herbicide technology to the maize crop, so by using drones we have been able to identify in the plot the areas where the weeds are and we have applied only in those areas herbicides, this whole process being completely automatic, in this way we have seen a decrease in the herbicides used.

At the same time, by using a large number of crops (maize, wheat, soya, barley, sunflower, triticale, alfalfa), we ensure a suitable rotation to increase soil qualities and reduce disease, weed and pest pressure as much as possible. All of these measures are designed to ensure long-term healthy soil, allowing us to have high, consistent and healthy yields, while decreasing the long-term use of chemical fertilizers and protectants.

All this required permanent investments in high-performance technology, therefore we were permanently connected to new methods and technologies correlated with the needs of our own production activities. Specializing in large-scale cultivation, we manage with our team of specialists and specialized workers to cover the volume of work on entire areas of land.

The grain is stored in a modern grain storage silo, inaugurated in 2018, which has a capacity of 10,000 tons, consisting of 10 vertical cells with a capacity of 1,000 tons/cell, providing integrated services for grain reception, analysis, weighing, storage, conditioning and drying.

Analysis of Financial Results

Analysis of consolidated financial results as at 31.12.2022

DN AGRAR GROUP, the largest integrated livestock farm in Romania,

with cow milk production and vegetable production, reported a turnover of RON 150.79 million (+221.16%) and a net profit of RON 13.94 million (+56.83%), in 2022, compared to the period under review in 2021.

Following the completion of the acquisition of the shares of DN AGRAR Apold S.R.L., DN AGRAR Holding S.R.L., DN AGRAR Călnic S.R.L. and Prodag Gârbova S.R.L. from the majority shareholder DN AGRAR Gârbova C.V., the financial position of the DN AGRAR group of companies improved considerably. The group's total assets increased by 59.59% to RON 234.55 million. Fixed assets increased by 66.63% to RON 160.65 million. Intangible assets increased by 298.07% from RON 1.68 million to RON 6.70 million. DN AGRAR GROUP, totals over 11,000 animals, both dairy cows and young cattle.

DN AGRAR Group's portfolio comprises 15 companies, including 4 farms, whose main activity is both dairy cattle breeding (Prodact farm) and cow milk production (Cut, Lacto Agrar and Apold farms).

TURNOVER

RON 150,79
MILLION



+221.16% vs 2021

NET PROFIT

RON 13,94
MILLION



+56.83% vs 2021

TOTAL ASSETS

RON 234,55
MILLION



+59.59% vs 2021

FIXED ASSETS

RON 160,65
MILLION



+66.63% vs 2021

CURRENT ASSETS

RON 72,47
MILLION



+46.63% vs 2021

INTANGIBLE ASSETS

RON 6,70
MILLION



+298.07% vs 2021

Analysis of Financial Results

Analysis of the profit and loss account at consolidated level

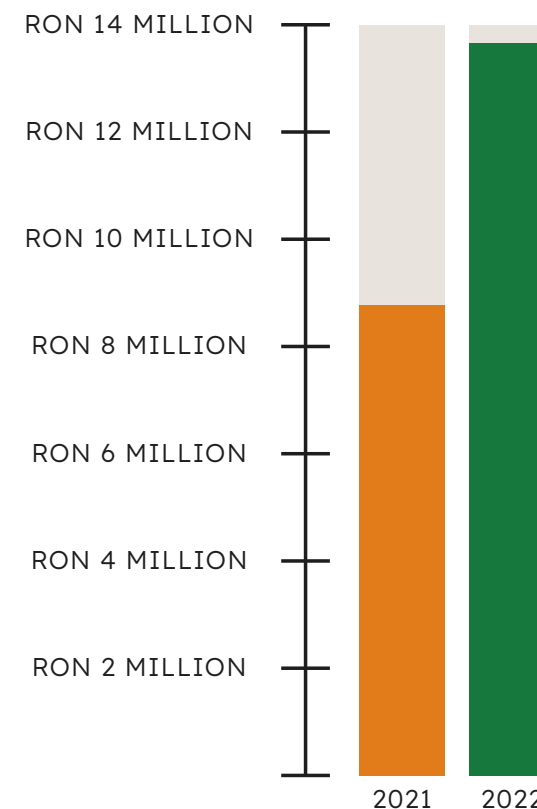
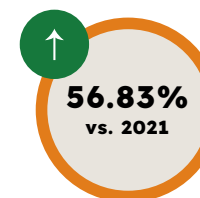
At the end of 2022, operating revenues were RON 205.4 million, a 217.69% increase compared to the same period last year.

In consolidating the Profit and Loss Account the comparatives for the financial indicators are considered as at 31.12.2021. Thus the indicators of the financial position of the group do not include the financial results obtained by DN AGRAR Apold farm as at 31.12.2021.

The Lacto Agrar farm was taken over by DN AGRAR GROUP SA in December 2021 and the DN AGRAR Apold farm was taken over in April 2022. Thus, on 31.12.2022 the financial indicators of the DN AGRAR Group include the financial position of the Lacto Agrar and DN AGRAR Apold farms.

Profit and loss account in RON	31.12.2022	31.12.2021	Δ%
Operating revenue - total	205,421,694	64,661,674	217.69%
Operating expenditure - total	181,579,817	53,808,826	237.45%
Operating profit or loss	23,841,877	10,852,848	119.68%
Financial income - total	2,125,030	713,237	197.94%
Financial expenditure - total	8,438,652	1,791,345	371.08%
Financial profit or loss	(6,313,623)	(1,078,108)	485.62%
Gross profit or loss	17,528,254	9,774,740	79.32%
Net profit or loss	13,940,230	8,888,910	56.83%

Net Profit



Analysis of Financial Results

Analysis of the profit and loss account at consolidated level

Revenue from production sold was RON 146.57 million, a 233.90% increase compared to 2021. The second largest contribution was made by income from operating subsidies, which increased by 318.60% to RON 14.77 million. Subsidies received through APIA are for agricultural land and raw milk production. Subsidies are granted on the basis of the number of animals owned and the area of land used, based on applications from the organization.

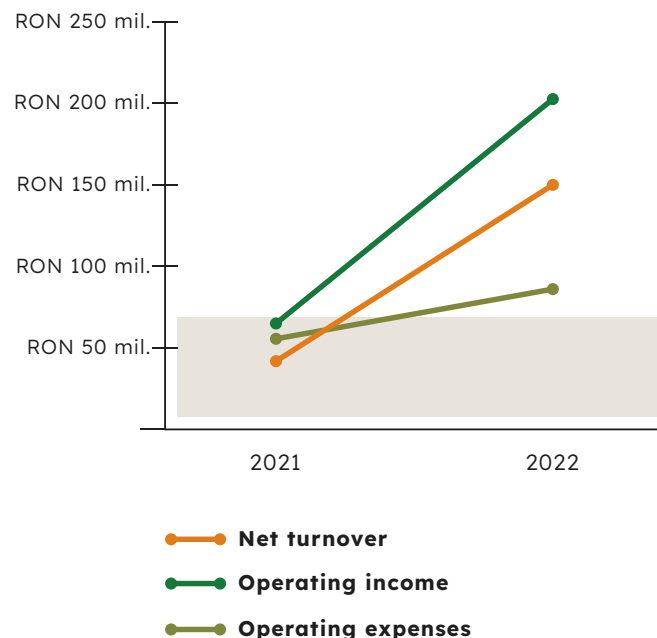
Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
Net turnover	150,789,463	46,951,665	221.16%
Production sold	146,569,859	43,896,458	233.90%
Income from sale of goods	4,269,816	3,055,422	39.75%
Commercial discounts granted	(50,212)	(215)	23,254.42%
Interest income reported by deregistered entities with leasing contracts in force	-	-	-
Income related to the cost of work in progress	-	-	-
Credit balance	31,192,980	5,933,943	425.67%
Debit balance	-	-	-
3. Income from the production of intangible and tangible fixed assets	7,286,171	1,280,233	469.13%
4. Income from revaluation of tangible assets	-	-	-
5. Income from investment property production	-	-	-
6. Income from operating subsidies	14,773,481	3,529,295	318.60%
7. Other operating income	1,379,599	6,966,538	(80.20%)
- of which, investment grant income	132,023	-	-
- of which, negative goodwill income	-	-	-
Operating revenue - total	205,421,694	64,661,674	217.69%

Income from the production of tangible fixed assets increased by 469.13% to RON 7.28 million, representing the increase in the breeding herd.

Income from the sale of goods increased by 39.75% to RON 4.27 million, due to the sale of finished products obtained from agricultural activity for 2022.

Operating expenses also increased due to the integration of Lacto Agrar and DN AGRAR Apold farms into the DN AGRAR group. Total operating expenses increased by 237.45% as at 31.12.2022, reaching RON 181.58 million.

Turnover, Income & Operating Expenses



The main contribution was made by the expenditure on raw materials and consumables, which reached 102.47 million lei, a 510.16% increase compared to the same period last year, a development linked to the increase in the number of directly productive animals on the farm and the areas worked to ensure the necessary feed as well as price increases for consumables (chemical fertilizers, fertilizers, seeds, fuel) due to the armed conflict between Russia and Ukraine.

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
8.a) Expenditure on raw materials and consumables	102,471,382	16,794,227	510.16%
Other expenditure on materials	1,878,985	932,002	101.61%
b) Other external expenses	3,562,240	1,168,215	205.36%
c) Expenses with merchandise	528,394	2,724,446	(80.61%)
Trade discounts received	(833,066)	(52,872)	1,475.63%
9. Staff expenditure	23,186,709	11,248,522	106.13%
a) Salaries and allowances	22,687,700	10,988,016	106.48%
b) Insurance and social protection expenditure	499,009	260,506	91.55%
10.a) Value adjustments in respect of tangible and intangible assets	19,176,414	5,960,080	221.75%
a.1) Expenses	9,177,133	5,960,080	221.76%
a.2) Income	(719)	-	-
b) Value adjustments in respect of current assets	(880,469)	50,649	(1,838.37%)
b.1) Expenses	1,757,557	250,65	602.84%
b.2) Income	877,088	300,714	191.67%

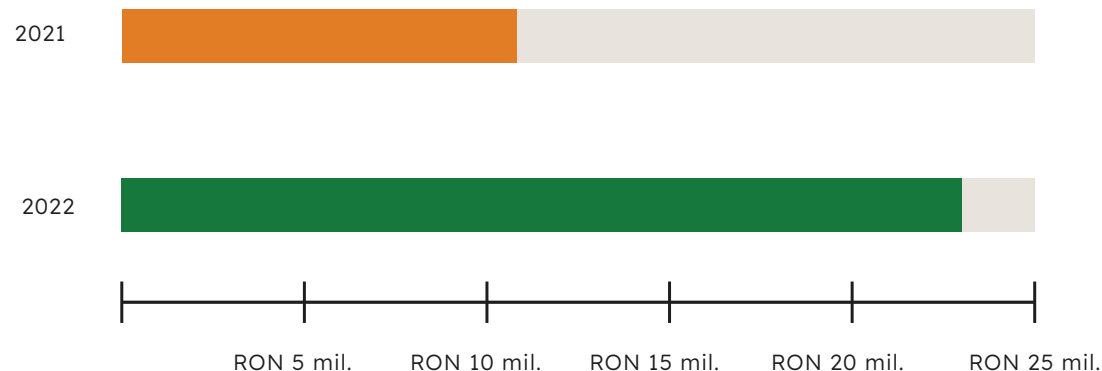
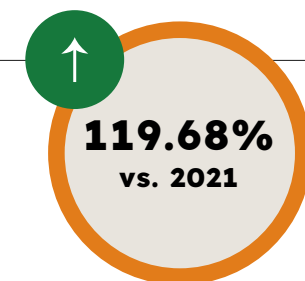
Analysis of Financial Results

Analysis of the profit and loss account at consolidated level

This line was followed by expenditure on external benefits which reached RON 29.30 million, an increase of 128.19%. With the expansion of the herd, staff costs also increased to RON 23.18 million, an increase of 106.13%. This increase was due to the increase in the number of employees, as well as the increase in salaries, due to the indexation of staff costs to the inflation index, the DN AGRAR group of companies now employs more than 250 people. Depreciation and value adjustments expenses were RON 19.17 million, an increase of 221.76%, due to the increase in total assets following the acquisition of the two farms.

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
11. Other operating expenses	30,787,376	15,068,775	104.31%
11.1. Expenditure on external benefits	29,305,792	12,842,966	128.19%
11.2. Expenses with taxes, fees and other assimilated payments, expenses representing transfers and contributions due on the basis of special regulations	594,779	289,492	105.46%
11.3. Environmental protection expenditure	-	-	-
11.4. Expenditure on the revaluation of tangible fixed assets	-	-	-
11.5. Expenses relating to disasters and other similar events	-	-	-
11.6. Other expenses	886,805	1,936,317	(54.20%)
Expenses with refinancing interest reported by entities stricken off from the General Register and have ongoing leases	-	-	-
Adjustments to provisions	64,086	(16,081)	(498.52%)
- Expenses	302,017	137,927	118.97%
- Income	366,103	121,846	200.46%
Operating expenses	181,579,817	53,808,826	237.45%
Operating profit or loss	23,841,877	10,852,848	119.68%

Operating profit



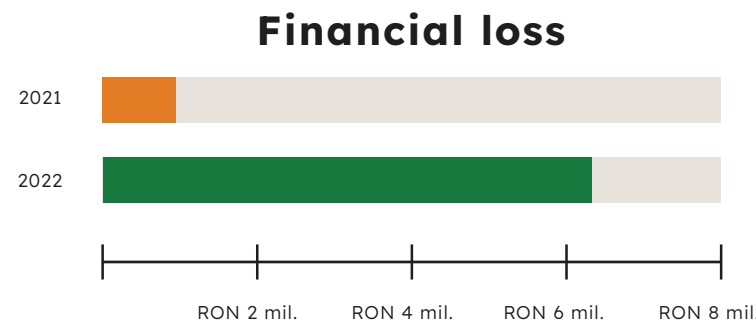
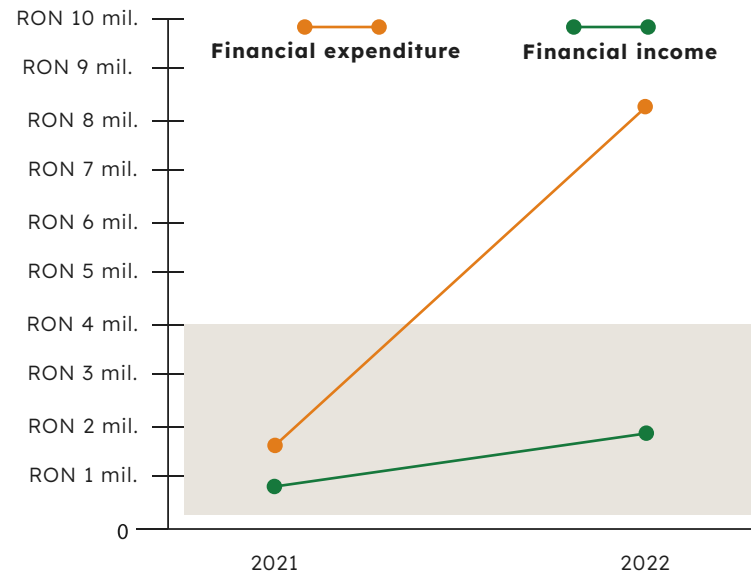
The operating result of the DN AGRAR group of companies increased significantly, from **RON 10.85 million** to an operating result of **RON 23.84 million**, an increase of **119.68%**.

Analysis of Financial Results

Analysis of the profit and loss account at consolidated level

Financial income increased by 197.94% to RON 2.12 million, while financial expenses increased by 371.08% to RON 8.44 million. The increase in financial expenses was mainly due to the increase in interest expenses by 524.57% to the amount of RON 7.23 million, due to the increase in the balance of contracted loans by RON 70.57 million, **money used for the acquisition of the DN AGRAR Apold farm from the DN AGRAR Garbova CV investment fund and for the investment works in progress at the DN AGRAR Apold farm to increase production capacity by 50%.**

This resulted in a gross result of RON 17.52 million as at 31.12.2022, an increase of 79.32% compared to the amount of RON 9.77 million reported in the same period last year. At the end of 2022, the DN AGRAR group of companies closed the balance sheet with a net profit of RON 13.94 million, an increase of 56.83% compared to 31.12.2021.



Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
12. Income from participating interests	-	222,841	-
- of which, income from affiliated entities	-	-	-
13. Interest income	116,143	131,088	(11.40%)
- of which, income from affiliated entities	197,642	-	-
14. Operating subsidy income for interest due	-	-	-
15. Other financial revenue	2,008,887	359,308	459.10%
- of which, income from other financial fixed assets	-	-	-
Financial income - total	2,125,030	713,237	197.94%
16. Value adjustments on financial fixed assets and financial investments held as current assets	-	-	-
- Expenses	-	-	-
- Income	-	-	-
17. Interest expenses	7,233,267	1,158,113	524.57%
- of which, expenses in relation to affiliated entities	209,868	-	-
18. Other financial expenses	1,205,385	633,232	90.35%
Financial expenditure - total	8,438,652	1,791,345	371.08%
Financial profit or loss	(6,316,623)	(1,078,108)	485.62%
Total income	207,564,723	65,374,911	217.47%
Total expenditure	190,018,469	55,600,171	241.76%
19. Gross profit or loss	17,528,254	9,774,740	79.32%
20. Corporate tax	3,222,147	795,009	305.30%
21. Activity-specific tax	-	-	-
22. Other taxes not shown in the above items	33,141	52,645	(37.05%)
23. Net profit or loss for the financial year	14,272,966	8,927,086	59.88%
Net profit or loss on minority interests	332,736	38,176	771.58%
23. Net profit or loss for the group	13,940,230	8,888,910	56.83%

Analysis of Financial Results

Analysis of the balance sheet at consolidated level

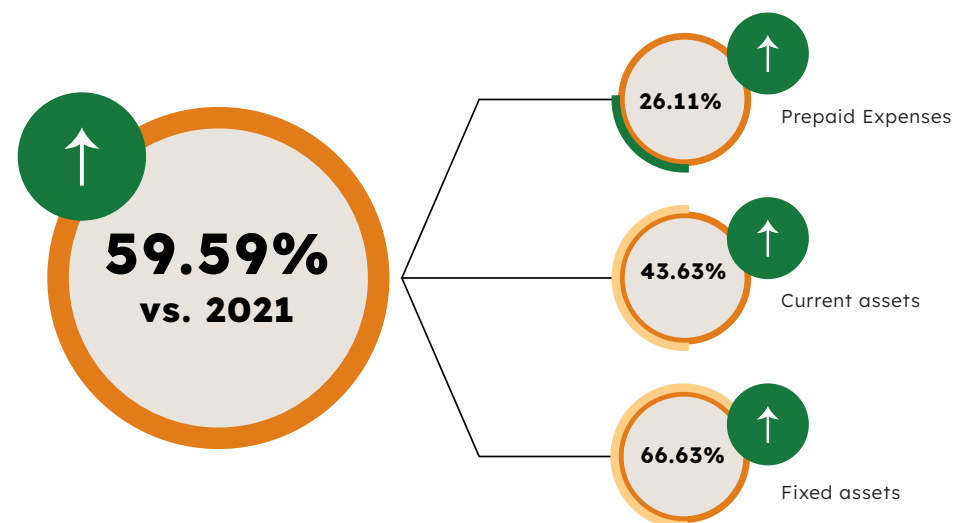
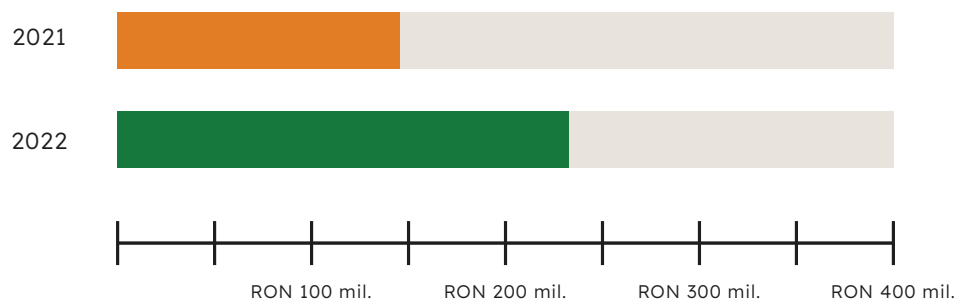
In consolidating the Balance Sheet as at 31.12.2022 the comparatives for financial indicators are considered as at 31.12.2021. Thus, the indicators of the group's financial position do not include the financial results obtained by the DN AGRAR Apold farm as at 31.12.2021, which was taken over by the DN AGRAR group of companies in April 2022.

At the end of 2022 following the acquisition of DN AGRAR Apold farm, the total assets of the group increased by 59.59% to RON 234.55 million. Fixed assets increased by 66.63% to RON 160.65 million. Intangible assets increased by 298.07% from RON 1.68 million to RON 6.70 million due to the positive goodwill of RON 5.07 million reported following the acquisition of the DN AGRAR Apold farm in April 2022.

Current assets increased by 46.63% to RON 72.47 million in the period under review. The increase was mainly due to the 52.27% increase in stocks, which reached RON 45.83 million. Receivables increased by 66.12% to RON 25.04 million. Receivables increased due to the 2022 subsidies for agricultural activity (livestock and crop) which were almost fully collected. The decrease of 62.64% amounting to RON 2.66 million in the category cash and bank accounts compared to 31.12.2021 was due to the payment of overdue debts to suppliers of raw materials, consumables and suppliers of fixed assets.

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
Fixed Assets - Total	160,654,419	96,416,465	66.63%
Current Assets - Total	72,472,451	49,426,260	46.63%
Prepaid Expenses	1,428,834	1,133,043	26.11%
Total assets	234,555,704	146,975,768	59.59%

Total Assets





Analysis of Financial Results

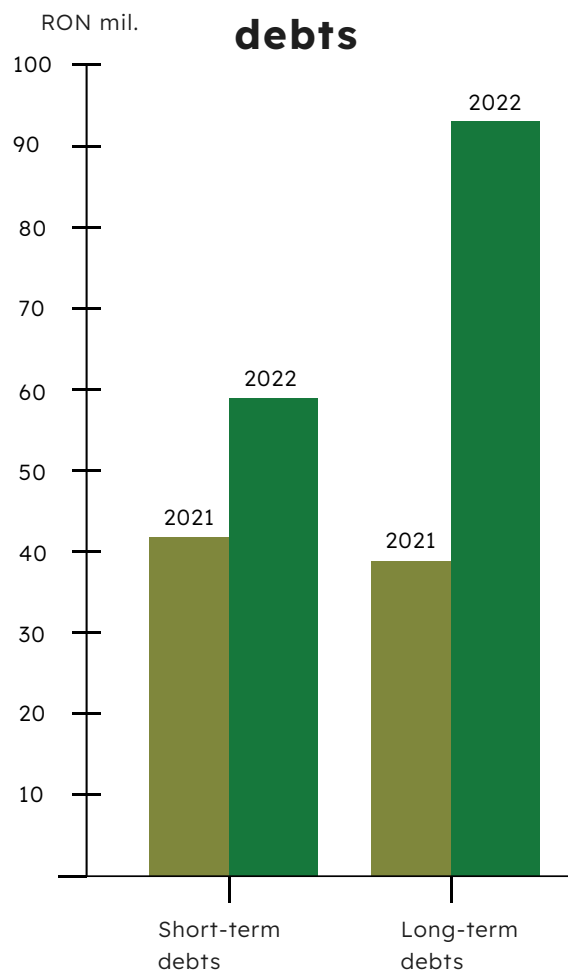
Analysis of the balance sheet at consolidated level

Short-term debts increased by 42.79% to RON 59.67 million, following the acquisition of DN AGRAR Apold farm.

Short-term debts increased due to the loans taken out by DN AGRAR GROUP SA for the takeover of DN AGRAR Apold farm, as well as due to the takeover within DN AGRAR GROUP of the short-term credit lines received from ING Bank, amounting to RON 5 million to finance the current activity of DN AGRAR Apold farm. Trade payables have an increase of 14.35%, approximately RON 2.01 million, due to the increase in stocks following the takeover of the DN AGRAR Apold farm, with no overdue debts.

Short-term debts in RON	31.12.2022	31.12.2021	Δ%
Short-term debt related to loan contracts	31,077,768	12,890,712	141.09%
Short-term lease liabilities	2,608,917	3,804,887	(31.43%)
Guarantees	0	658,150	(100%)
Commercial liabilities	16,019,765	14,008,869	14.35%
Trade payables to related parties	6,002,022	7,180,654	(16.41%)
Advances from customers	9,980	9,986	(0.06%)
Sundry creditors	957,661	476,623	100.93%
Salaries and other entitlements due to staff	1,280,894	829,898	54.34%
Social security contributions	553,938	504,831	9.73%
Tax on salaries	57,350	107,120	(46.46%)
Corporate tax	562,539	245,952	128.72%
VAT payable	479,575	467,550	2.57%
Other taxes and duties	15,159	30,125	(46.68%)
Settlements from shareholding operations	-	-	0.00%
Advies Dividend/ Debts in rel. with shareholders	50,001	578,623	(91%)
Other short-term liabilities	-	-	0.00%
Total	59,675,569	41,793,980	42.79%

Evolution of debts



Long-term debts increased by 136.25% due to the takeover of DN AGRAR Apold farm with a financing of RON 33.2 million received from ING Bank. Thus, on 31.12.2022 the balance of long-term debts reaches RON 92.9 million. The acquisition of the new farm added to DN AGRAR Group's long-term debts investment loans with a balance of RON 12.72 million received by DN AGRAR Apold farm from Raiffeisen Bank in 2013 for the development and expansion of production capacity, which were refinanced by ING Bank.

Compared to 2021, there is an increase in loans taken from ING Bank and due to the investment works carried out at the DN AGRAR Apold farm to **increase production capacity by 50%**. The total amount of the loan contracted from ING Bank for this investment project is RON 27.6 million, of which approximately RON 26.5 million were used as of 31.12.2022.

Loans under leasing contracts from BRD Sogelease increased by RON 5.59 million due to the contracting of a package of machinery and technological equipment worth EUR 1.25 million to improve and modernize the machinery fleet.

Long-term debt in RON	31.12.2022	31.12.2021	Δ%
Loans from Banca Transilvania	-	-	-
Loans from Exim Bank	13,807,749	16,775,339	(17.69%)
Loans from ING	66,188,136	15,430,751	328.94%
Loans from Raiffeisen Bank	-	-	-
Leasing BT Leasing	1,564,149	1,058,459	47.78%
Leasing BRD Sogelease	10,764,946	5,172,460	108.12%
Unicredit Leasing	386,698	534,487	(27.65%)
Other long-term liabilities (miscellaneous guarantees)	72,225	2,475	2,818.18%
Deferred tax	122,576	351,162	-
Total	92,906,479	39,325,133	136.25%

Analysis of Financial Results

Analysis of the balance sheet at consolidated level

Provisions increased by 52.63% in 2022 to RON 0.30 million compared to the end of 2021.

Equity increased by 21.70% to RON 79.66 million, an increase driven by the capital from the acquisition of DN AGRAR Apold farm in April 2022.

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
Debts: Amounts to be paid within one year	56,675,569	41,793,980	42.79%
Debts: Amounts to be paid in more than one year	92,906,479	39,325,133	136.25%
Provisions	305,969	200,465	52.63%
Deferred revenues	2,006,257	198,172	912.38%
Debts - total	152,582,048	81,119,113	88.10%
Total shareholders' equity	79,661,430	65,458,018	21.70%
Total equity and debt	234,555,704	146,975,768	59.59%

Provisions

↑
52.63%
vs. 2021

Equity

↑
21.70%
vs. 2021



Consolidated balance sheet

Consolidated balance sheet	31.12.2022	31.12.2021	Δ%
I. Intangible Fixed Assets	6,704,090	1,684,128	298.07%
II. Tangible assets	153,895,993	94,680,967	62.54%
III. Financial Fixed Assets	54,336	51,370	5.77%
Fixed Assets - Total	160,654,419	96,416,465	66.63%
I. Inventories	45,838,344	30,102,953	52.27%
II. Claims	25,047,812	15,077,828	66.12%
III. Short term investments	-	-	-
IV. Cash and cash equivalents	1,586,295	4,245,479	(62.64)%
Current Assets - Total	72,472,451	49,426,260	46.63%
Prepaid Expenses	1,428,834	1,133,043	26.11%
Amounts to be recognized as income in less than one year	749,015	520,529	43.89%
Amounts to be recognized as income in more than one year	679,819	612,514	10.99%
Debts: Amounts to be paid within one year	59,675,569	41,793,980	42.79%
Net current assets/ net current liabilities	13,406,641	7,954,637	68.54%
Total assets minus current liabilities	174,740,878	104,983,616	66.45%
Debts: Amounts to be paid in more than one year	92,906,479	39,325,133	136.25%
Provisions	305,969	200,465	52.63%
Deferred revenues	2,006,257	198,172	912.38%
1. Investment grants	2,006,257	198,172	912.38%
Amounts to be recognized as income in less than one year	139,256	198,172	(29.73)%
Amounts to be recognized as income in more than one year	1,867,00	-	-
2. Deferred income	-	-	-
Amounts to be recognized as income in less than one year	-	-	-

Consolidated balance sheet	31.12.2022	31.12.2021	Δ%
Amounts to be recognized as income in more than one year	-	-	-
3. Prepaid income on assets received by transfer from clients	-	-	-
Amounts to be recognized as income in less than one year	-	-	-
Amounts to be recognized as income in more than one year	-	-	-
Negative goodwill (acct.2075)	-	-	-
Share capital	31,818,845	10,606,282	200.00%
1. Paid up share capital	31,818,845	10,606,282	200.00%
2. Unpaid share capital	-	-	-
3. Company's assets and liabilities	-	-	-
4. Equity of national research-development institutes	-	-	-
5. Other equity items DR/ (CR)	-	-	-
II. Capital premium (acct. 104)	734,004	21,946,567	(96.66) %
III. Revaluation reserves (acct. 105)	-	-	-
IV. Reserves	406,683	142,826	184.74%
Own shares (ct 109)	(65,280)	(21,760)	200.00%
Gains related to equity instruments	-	-	-
Losses related to own equity instruments	-	-	-
V. Retained profit or loss - Credit Balance	32,364,364	23,584,202	37.23%
VI. Profit or loss for the financial year - Credit Balance	13,940,230	8,888,910	56.83%
Profit appropriation	(222,572)	(91,886)	-
Non-controlling interest	685,158	402,877	70.07%
Total shareholders' equity	79,661,430	65,458,018	21.70%

Analysis of financial results

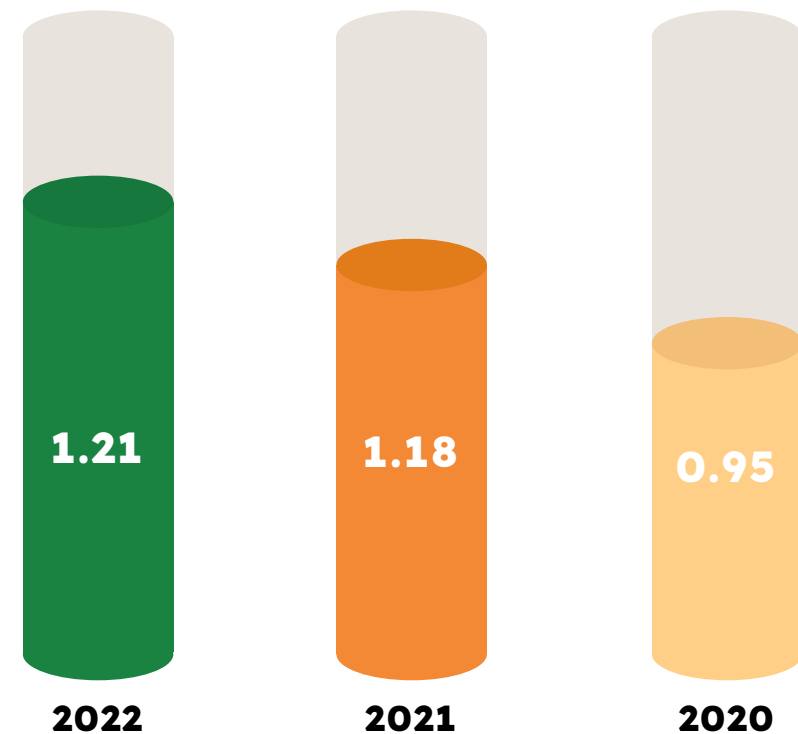
Key financial indicators at consolidated level

Current liquidity indicator	31.12.2022	31.12.2021	31.12.2020
Current assets (A)	72,472,451	49,426,260	22,362,883
Current liabilities (B)	59,675,569	41,793,980	23,430,660
A/B	1.21	1.18	0.95

Current liquidity

Current assets

Current debts



Analysis of financial results

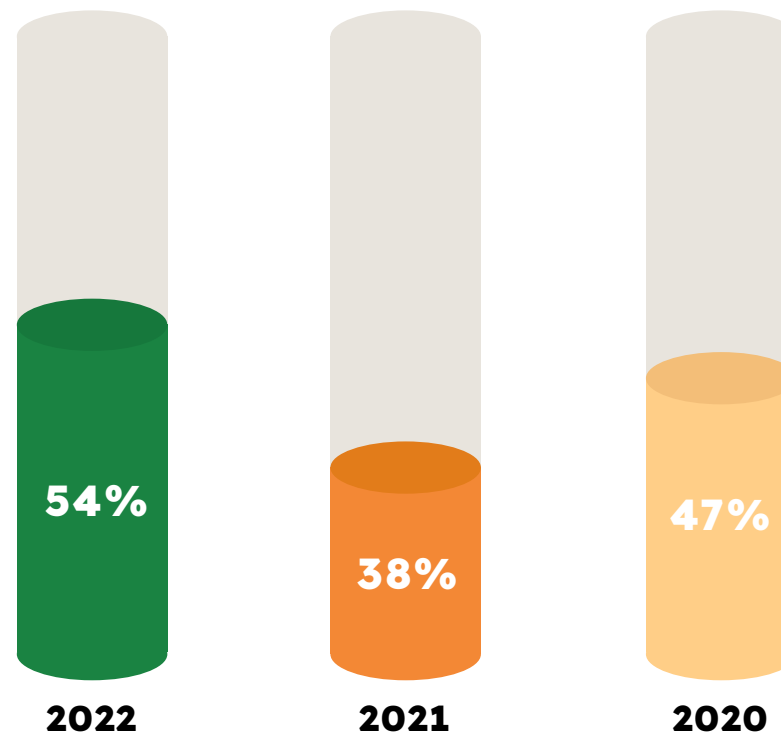
Key financial indicators at consolidated level

Debt-to-equity indicator	31.12.2022	31.12.2021	31.12.2020
Loan capital (A) = Loans over 1 year	92,906,479	39,325,133	26,614,807
Capital employed (B) = Borrowed capital + Own capital	172,567,909	104,429,514	56,458,997
A/B	54%	38%	47%

Degree of indebtedness

Loans over 1 year

Borrowed capital + Equity



Analysis of financial results

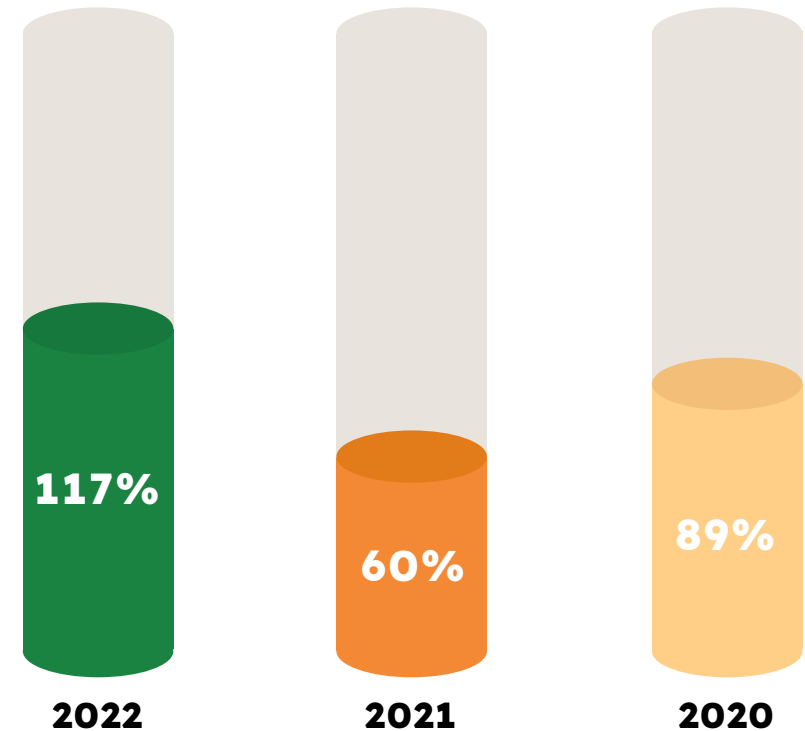
Key financial indicators at consolidated level

Debt-to-equity indicator	31.12.2022	31.12.2021	31.12.2020
Loan capital (A) = Loans over 1 year	92,906,479	39,325,133	26,614,807
Equity capital (B)	79,661,430	65,458,018	29,844,190
A/B	117%	60%	89%

Degree of indebtedness

Loans over 1 year

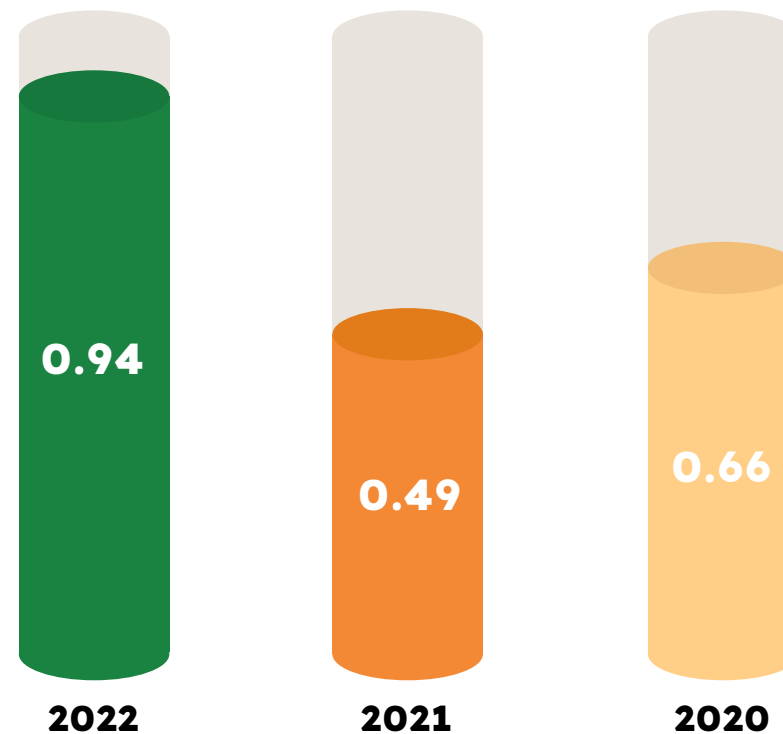
Equity



Analysis of Financial Results

Key financial indicators at consolidated level

Fixed assets turnover	31.12.2022	31.12.2021	31.12.2020
Turnover (A)	150,789,463	46,951,665	38,220,407
Fixed assets (B)	160,654,419	96,416,465	57,557,888
A/B	0.94	0.49	0.66



Analysis of Financial Results

Analysis of the profit and loss account at individual level

At the end of 2022, operating income was RON 7.24 million, an increase of 45.65% compared to the end of 2021. Income from consulting and management services is the Company's main source of income and amounted to RON 6.95 million, an increase of 42.16% compared to 2021. The increase in operating income is also due to the signing of a debt waiver agreement for a loan received by DN AGRAR GROUP SA from the Dutch investment fund DN AGRAR Garbova CV in the amount of EUR 50,000. DN AGRAR GROUP SA reported good financial results in all quarters last year, with total turnover reaching RON 6.95 million for the full year, an increase of 40.47% compared to the end of 2021.

Operating expenses increased by 38.05% in 2022 to RON 5.3 million. The main contribution was made by expenditures on consumables, which reached RON 49.80 thousand, a decrease of 0.86% compared to 2021. Staff costs increased by 32.53% due to staff training and development activities, an increase in the number of qualified staff from 23 to 29 employees, and salary increases due to indexation of staff costs to the inflation index.

Expenditure on external benefits increased by 57.47% compared to 2021 to RON 1.18 million.

Depreciation and value adjustments expenses were RON 353.65 thousand, an increase of 236.91% due to the increase in fixed assets by 137.58% to RON 59.83 million.

The Company's operating result increased by 71.46%, from RON 1.13 million to an operating result of RON 1.93 million.

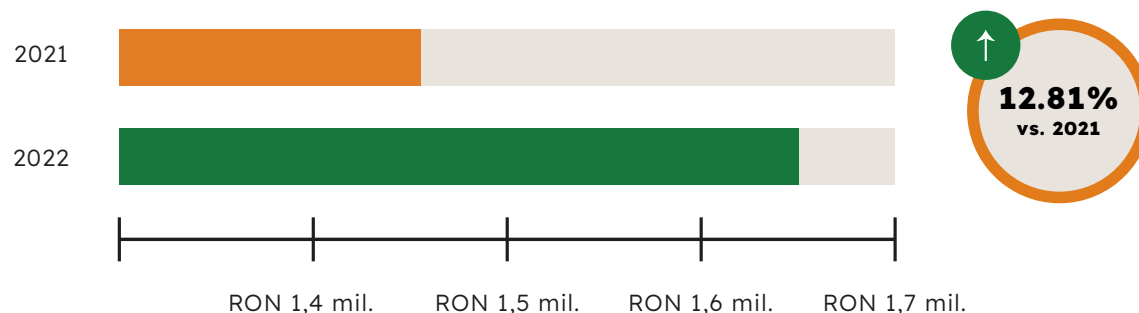
Financial income increased by 287.01% to RON 1.78 million, while financial expenses increased by 2278% to RON 2.06 million. This increase is due to the interest expenses on the loan of RON 33.2 million contracted with ING Bank for the acquisition of shares in DN AGRAR Apold farm owned by the investment fund DN AGRAR Garbova CV.

This led to a gross result of RON 1.65 million in Q4 2022, up 10.13% compared to the RON 1.50 million reported in the same period of 2021.

At the end of 2022, the Company achieved a net profit of RON 1.65 million, up 12.81% vs 2021.

Profit and loss account in RON	31.12.2022	31.12.2021	Δ%
Operating revenue - total	7,242,928	4,972,960	45.65%
Operating expenditure - total	5,304,489	3,842,403	38.05%
Operating profit or loss	1,938,439	1,130,557	71.46%
Financial income - total	1,782,212	460,509	287.01%
Financial expenditure - total	2,064,032	86,783	2,278.38%
Financial profit or loss	(281,820)	373,726	(175.41)%
Gross profit or loss	1,656,619	1,504,283	10.13%
Net profit or loss	1,656,619	1,468,528	12.81%

Net Profit at Consolidated Level



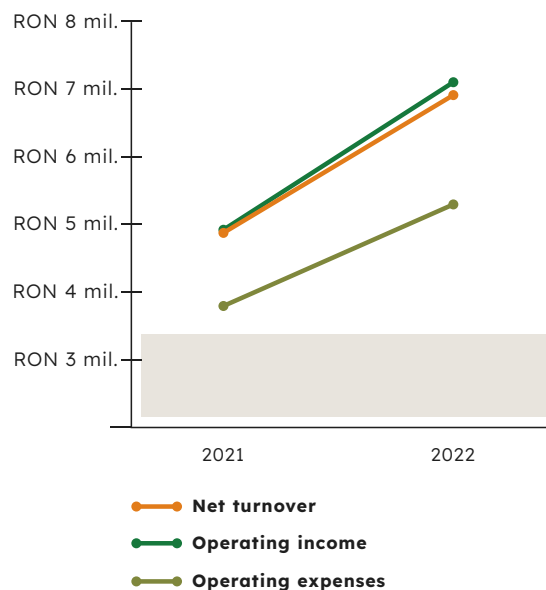


Analysis of Financial Results

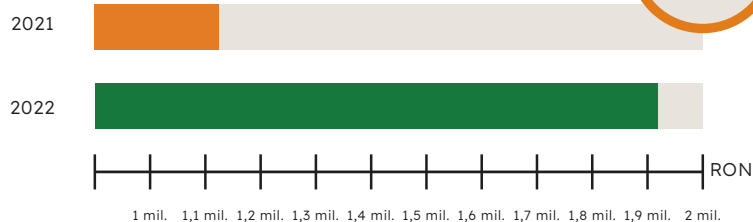
Analysis of the profit and loss account at individual level

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
Net turnover	6,955,755	4,951,930	40.47%
Production sold	6,955,755	4,892,780	42.16%
Income from sale of goods	-	59,197	-
Commercial discounts granted	-	(47)	-
Interest income reported by deregistered entities with leasing contracts in force	-	-	-
Income related to the cost of work in progress	-	-	-
Credit balance	-	-	-
Debit balance	-	-	-
3. Income from the production of intangible and tangible fixed assets	-	-	-
4. Income from revaluation of tangible assets	-	-	-
5. Income from investment property production	-	-	-
6. Income from operating subsidies	320	378	-
7. Other operating income	286,853	20,652	1,288.98%
- of which, investment grant income	-	-	-
- of which, negative goodwill income	-	-	-
Operating revenue - total	7,242,928	4,972,960	45.65%
8.a) Expenditure on raw materials and consumables	49,800	50,233	(0.86)%
Other expenditure on materials	86,018	85,528	0.57%
b) Other external expenses	83,429	82,452	1.18%
c) Expenses with merchandise	-	49,012	-
Trade discounts received	(1,090)	(1,489)	(26.80)%

Turnover, Operating income & expenses



Profitul din exploatare

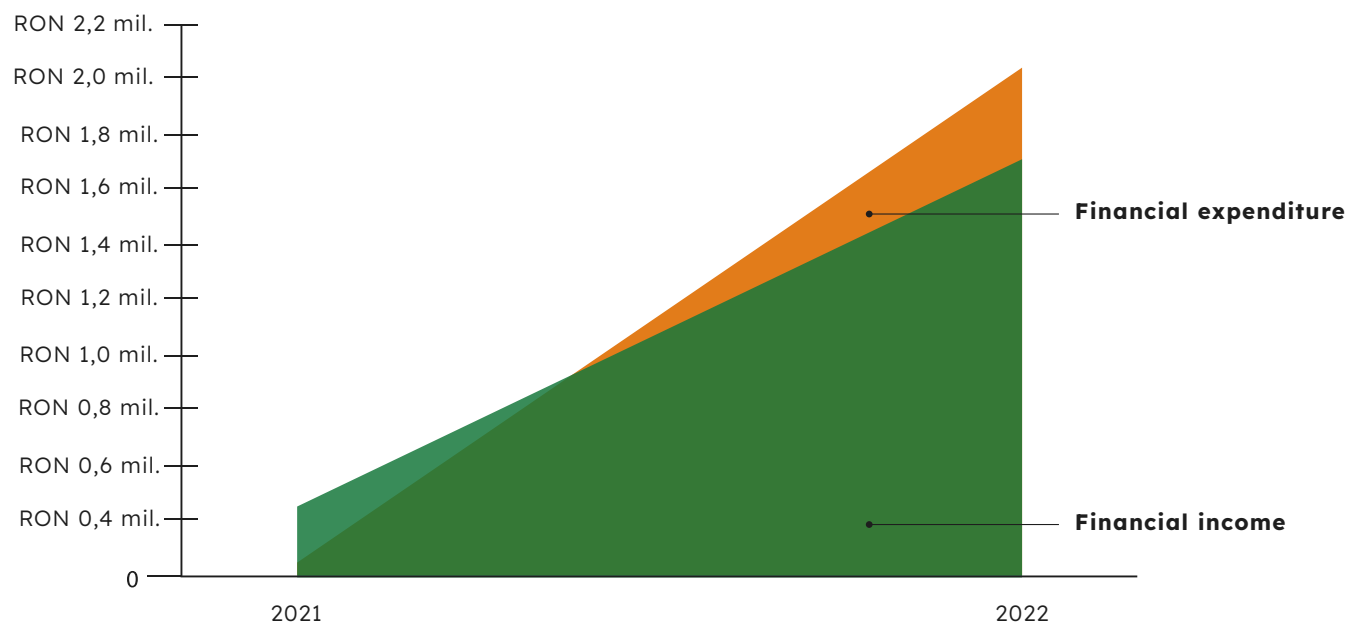


Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
9. Staff expenditure	3,466,324	2,615,442	32.53%
a) Salaries and allowances	3,390,999	2,551,365	32.91%
b) Insurance and social protection expenditure	75,325	64,077	17.55%
10.a) Value adjustments in respect of tangible and intangible assets	353,657	104,971	236.91%
a.1) Expenses	353,657	104,971	236.91%
a.2) Income	-	-	-
b) Value adjustments in respect of current assets	-	-	-
b.1) Expenses	-	-	-
b.2) Income	-	-	-
11. Other operating expenses	1,241,455	864,080	43.67%
11.1. Expenditure on external benefits	1,186,573	753,527	57.47%
11.2. Expenses with taxes, fees and other assimilated payments/expenses representing transfers and contributions due on the basis of special regulations	14,658	63,117	(76.78)%
11.3. Environmental protection expenditure	-	-	-
11.4. Expenditure on the revaluation of tangible fixed assets	-	-	-
11.5. Expenses relating to disasters and other similar events	-	-	-
11.6. Other expenses	40,224	47,436	(15.20)%
Expenses with refinancing interest reported by entities stricken off from the General Register and have ongoing leases	-	-	-
Adjustments to provisions	(24,896)	7,826	(418.12)%
- Expenses	65,289	40,393	-
- Income	40,393	48,219	(16.23)%
Operating expenses	5,304,489	3,842,403	38.05%
Operating profit or loss	1,938,439	1,130,557	71.46%

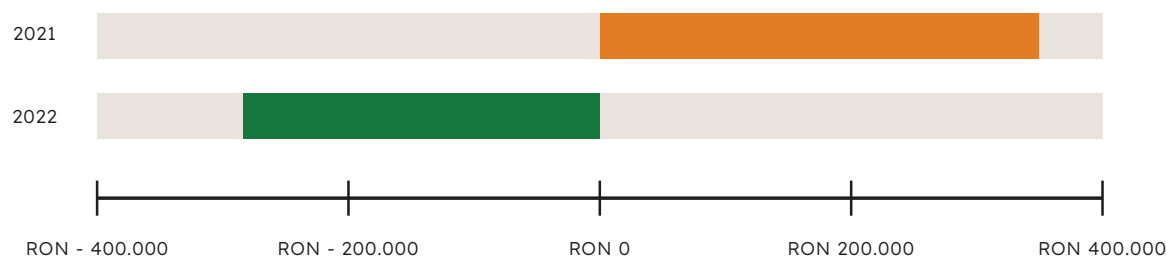
Analysis of Financial Results

Analysis of the profit and loss account at individual level

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
12. Income from participating interests	1,400,000	215,780	548.81%
- of which, income from affiliated entities	-	-	-
13. Interest income	324,271	163,726	98.06%
- of which, income from affiliated entities	126,787	-	-
14. Operating subsidy income for interest due	-	-	-
15. Other financial revenue	57,941	81,003	(28.47)%
- of which, income from other financial fixed assets	-	-	-
Financial income - total	1,782,212	460,509	287.01%
16. Value adjustments on financial fixed assets and financial investments held as current assets	-	-	-
- Expenses	-	-	-
- Income	-	-	-
17. Interest expenses	1,962,296	3,982	49.179,16%
- of which, expenses in relation to affiliated entities	1,776	-	-
18. Other financial expenses	101,736	82,801	22.87%
Financial expenditure - total	2,064,032	86,783	2,278.38%
Financial profit or loss	(281,820)	373,726	(175.41)%
Total income	9,025,140	5,433,469	66.10%
Total expenditure	7,368,521	3,929,186	87.53%
19. Gross profit or loss	1,656,619	1,504,283	10.13%
20. Corporate tax	-	-	-
21. Activity-specific tax	-	-	-
22. Other taxes not shown in the above items	-	35,755	(100.00)%
23. Net profit or loss for the financial year	1,656,619	1,468,528	12.81%
Net profit or loss on minority interests	-	-	-
23. Net profit or loss for the group	1,656,619	1,468,528	12.81%



Individual financial result



Analysis of Financial Results

Individual balance sheet analysis

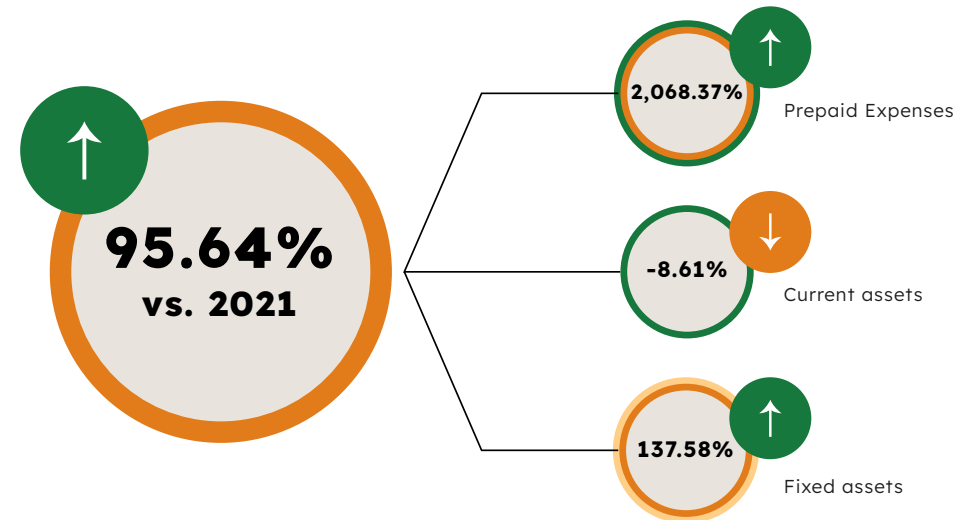
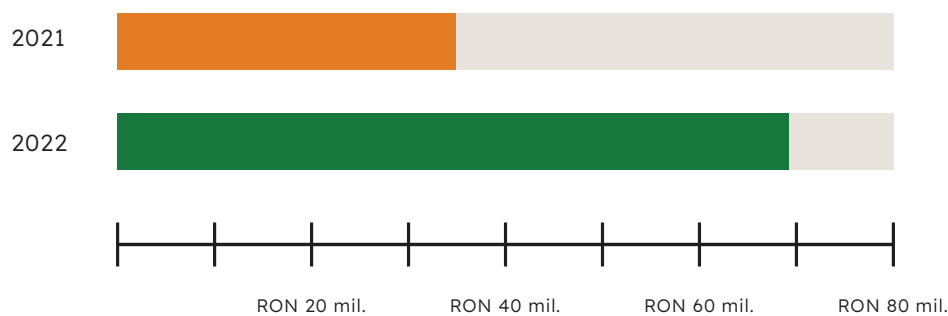
Due to the acquisition of shares in DN AGRAR Apold farm owned by the investment fund DN AGRAR Garbova CV, total assets increased by 95.64% to RON 69.26 million. Fixed assets increased by 137.58% to RON 59.83 million. Intangible assets increased from RON 1.52 million to RON 2.51 million due to the investments made by the company in the process of digitization of information flows, namely the acquisition of an SAP information system.

Financial fixed assets increased by approximately RON 33.69 million, representing an increase of 143.91% due to the acquisition of shares in DN AGRAR Apold SRL, DN AGRAR Holding SRL, DN AGRAR Călnic SRL and Prodag Gârbova SRL from the majority shareholder DN AGRAR Garbova CV. The expenses recorded in advance in the amount of RON 95.69 thousand were due to the loan fees of RON 33.2 million contracted with ING Bank for the acquisition of shares related to the DN AGRAR Apold farm.

Current assets recorded a slight decrease of 8.61%, reaching RON 9.33 million in the period under review. The decrease was mainly due to the reduction of cash held by the company by 93.55%, with bank accounts recording a balance of RON 123.4 thousand as at 31.12.2022. The value of receivables increased by 10.82% to RON 9.2 million.

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
Fixed Assets - Total	59,836,800	25,185,495	137.58%
Current Assets - Total	9,335,629	10,215,273	(8.61)%
Prepaid Expenses	95,690	4,413	2,068.37%
Total assets	69,268,119	35,405,181	95.64%

Total Assets





Analysis of Financial Results

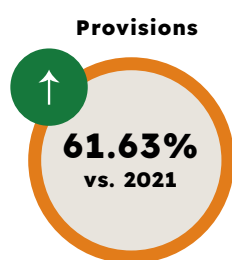
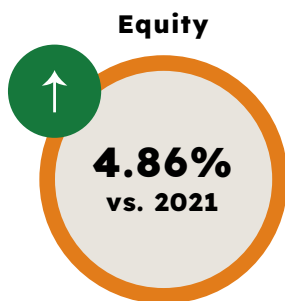
Individual balance sheet analysis

Long-term debts increased by RON 31.12 million and short-term debts increased by 81.35% to RON 2.36 million. This was due to the booking of the loan of RON 33.2 million contracted from ING Bank for the acquisition of shares related to the DN AGRAR Apold farm from the DN AGRAR Garbova CV investment fund.

Provisions increased by 61.63% to RON 65.29 thousand compared to the end of 2021.

Shareholders' equity increased by 4.86% to RON 35.72 million, an increase resulting from the incorporation of retained earnings in the amount of RON 1.39 million.

Balance sheet indicators in RON	31.12.2022	31.12.2021	Δ%
Debts: Amounts to be paid within one year	2,361,260	1,302,069	81.35%
Debts: Amounts to be paid in more than one year	31,122,232	-	-
Provisions	65,289	40,393	61.63%
Deferred revenues	-	-	-
Debts - total	33,483,492	1,302,069	2,471.56%
Total shareholders' equity	35,719,338	34,062,719	4.86%
Total equity and debt	69,268,119	35,405,181	95.64%



Individual balance sheet

Individual balance sheet	31.12.2022	31.12.2021	Δ%
I. Intangible Fixed Assets	2,510,154	1,521,197	65.01%
II. Tangible assets	218,849	250,492	(12.63)%
III. Financial Fixed Assets	57,107,797	23,413,806	143.91%
Fixed Assets - Total	59,836,800	25,185,495	137.58%
I. Inventories	11,860	-	-
II. Claims	9,200,360	8,302,416	10.82%
III. Short term investments	-	-	-
IV. Cash and cash equivalents	123,409	1,912,857	(93.55)%
Current Assets - Total	9,335,629	10,215,273	(8.61)%
Prepaid Expenses	95,690	4,413	2,068.37%
Amounts to be recognized as income in less than one year	23,315	4,413	428.33%
Amounts to be recognized as income in more than one year	72,375	-	-
Debts: Amounts to be paid within one year	2,361,260	1,302,069	81.35%
Net current assets/ net current liabilities	6,997,684	8,917,617	(21.53)%
Total assets minus current liabilities	66,906,859	34,103,112	96.19%
Debts: Amounts to be paid in more than one year	31,122,232	-	-
Provisions	65,289	40,393	61.63%
Deferred revenues	-	-	-
1. Investment grants	-	-	-
Amounts to be recognized as income in less than one year	-	-	-
Amounts to be recognized as income in more than one year	-	-	-
2. Deferred income	-	-	-
Amounts to be recognized as income in less than one year	-	-	-

Individual balance sheet	31.12.2022	31.12.2021	Δ%
Amounts to be recognized as income in more than one year	-	-	-
3. Prepaid income on assets received by transfer from clients	-	-	-
Amounts to be recognized as income in less than one year	-	-	-
Amounts to be recognized as income in more than one year	-	-	-
Negative goodwill (acct.2075)	-	-	-
Share capital	31,818,845	10,606,282	200.00%
1. Paid up share capital	31,818,845	10,606,282	200.00%
2. Unpaid share capital	-	-	-
3. Company's assets and liabilities	-	-	-
4. Equity of national research-development institutes	-	-	-
5. Other equity items DR/ (CR)	-	-	-
II. Capital premium (acct. 104)	734,004	21,946,567	(96.66) %
III. Revaluation reserves (acct. 105)	-	-	-
IV. Reserves	199,387	116,556	71.07%
Own shares (ct 109)	-	-	-
Gains related to equity instruments	-	-	-
Losses related to own equity instruments	-	-	-
V. Retained profit or loss - Credit Balance	1,393,314	-	-
VI. Profit or loss for the financial year - Credit Balance	1,656,619	1,468,528	12.81%
Profit appropriation	(82,831)	(75,214)	-
Non-controlling interest	-	-	-
Total shareholders' equity	35,719,338	34,062,719	4.86%

Analysis of Financial Results

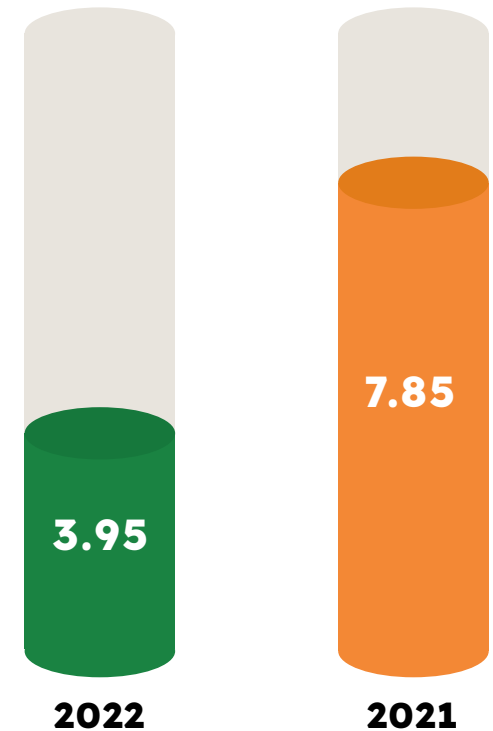
Key financial indicators at individual level

Current liquidity indicator	31.12.2022	31.12.2021
Current assets (A)	9,335,629	10,215,273
Current liabilities (B)	2,361,260	1,302,069
A/B	3.95	7.85

Current liquidity

Current assets

Current debts



Analysis of Financial Results

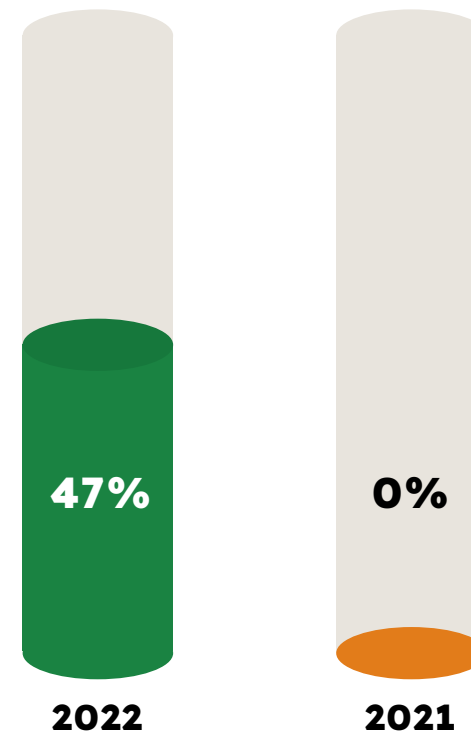
Key financial indicators at individual level

Debt-to-equity indicator	31.12.2022	31.12.2021
Loan capital (A) = Loans over 1 year	31,122,232	-
Capital employed (B) = Borrowed capital + Own capital	66,841,570	34,062,719
A/B	47%	0%

Degree of indebtedness

Loans over 1 year

Borrowed capital + Equity



Analysis of Financial Results

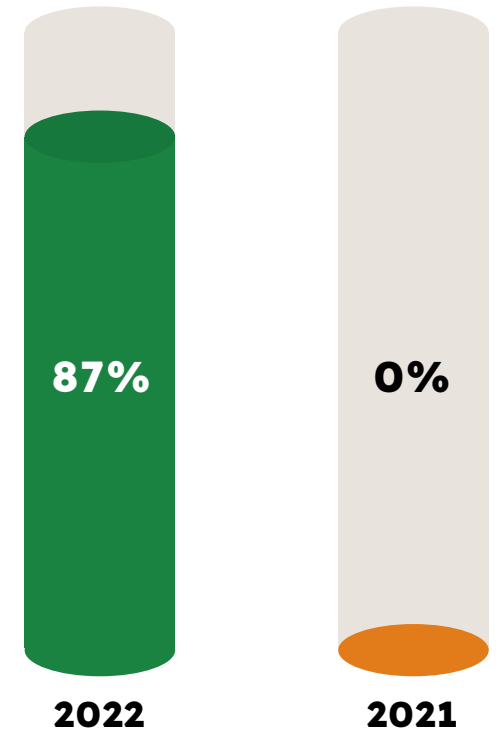
Key financial indicators at individual level

Debt-to-equity indicator	31.12.2022	31.12.2021
Loan capital (A) = Loans over 1 year	31,122,232	-
Equity capital (B)	35,719,338	34,062,719
A/B	87%	

Degree of indebtedness

Loans over 1 year

Equity



Analysis of Financial Results

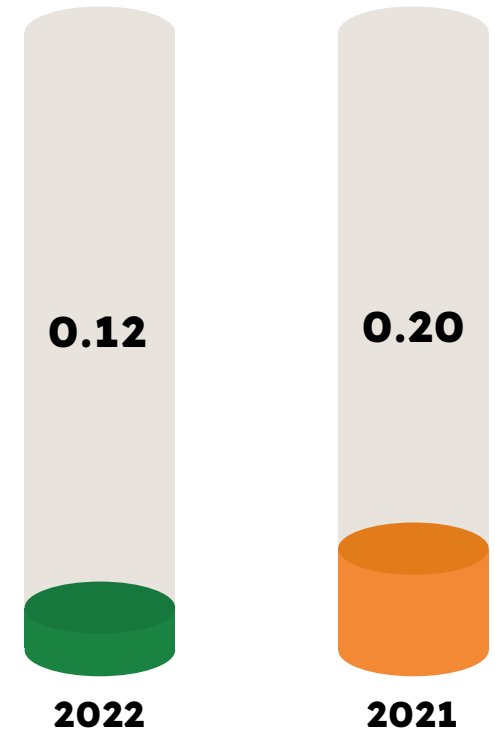
Key financial indicators at individual level

Fixed assets turnover	31.12.2022	31.12.2021
Turnover (A)	6,955,755	4,951,930
Fixed assets (B)	59,836,800	25,185,495
A/B	0.12	0.20

Fixed assets turnover

Turnover

Fixed assets





Analysis of Financial Results

Acquisitions and disposals of assets

Description	Intangible assets	Lands and lands fit-outs	Buildings	Equipment, technological facilities and means of transportation	Furniture, office supplies and protective equipment	Biological assets	Subtotal	Tangible assets in progress	Total	Grand total
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Gross amount

Balance 01.01.2022	1,807,719	1,687,934	34,129,881	37,785,312	178,309	9,106,647	82,888,082	3,619,661	86,507,743	88,315,462
Balance 01.01.2022 LACTO	208,503	1,875,154	14,615,500	8,332,013	39,743	11,366,601	36,229,011	1,806,016	38,035,027	38,243,530
Inputs	1,318.955	873.368	8.607.806	9.926.331	793.116	9.762.887	29.963.508	28.675.523	58.639.032	59.957.986
Goodwill	5,079,962						-	-	-	5,079,962
Outputs	-	-	-	(5.538.432)	0	(13.971.422)	(19,509,854)	(21.581.831)	(41.091.685)	(41.091.685)
Transfers	-	0	234,249	3,356,152	197	157,287	3,747,885	(3,747,885)	0	0
Balance 31.12.2022	8,415,139	4,436,456	57,587,436	53,861,376	1,011,366	16,422,000	133,318,632	8,771,485	142,090,117	150,505,256

Depreciation

Balance 01.01.2022	(170,000)	(25,644)	(2,168,441)	(20,240,572)	(68,074)	(1,211,090)	(23,713,821)	-	(23,713,821)	(23,883,821)
Balance 01.01.2022 LACTO	(162,094)	(523,615)		(5,606,932)	(17,438)		(6,147,984)	-	(6,147,984)	(6,310,079)
Depreciation	(362.963)	(4.242)	(3.622.340)	(5.740.362)	(63.670)	(8.367.564)	(17,798,178)	-	(17.798.178)	(18.161.141)
Depreciation of goodwill	(1.015.992)						-		-	(1.015.992)
Cumulated depreciation decreases	-	719	6.761	4.204.590	27	6.113.921	10.326.017	-	10.326.017	10.326.017
Balance 31.12.2022	(1,711,049)	(552,781)	(5,784,020)	(27,383,277)	(149,155)	(3,464,733)	(37,333,966)	-	(37,333,966)	(39,045,015)



Analysis of Financial Results

Acquisitions and disposals of assets

Description	Intangible assets	Lands and lands fit-outs	Buildings	Equipment, technological facilities and means of transportation	Furniture, office supplies and protective equipment	Biological assets	Subtotal	Tangible assets in progress	Total	Grand total
Input Calnic - NBV 01.01.2022	-	-	-	-	-	-	-	-	-	-
Input Apold-NBV	-	3,849,162	26,282,107	3,815,240	25,327	8,248,724	42,220,560	4,486,983	46,707,544	46,707,544
Apold FV adj	-	2,087,571	(2,278,560)	-	-	2,223,446	2,032,457	-	2,032,457	2,032,457
Apold Total 01.01.2022	-	5,936,733	24,003,547	3,815,240	25,327	10,472,171	44,253,018	4,486,983	48,740,001	48,740,001
Input Holding - NBV 01.01.2022	-	93,656	-	77,066	28,993	-	199,715	(0)	199,715	199,715
Input Prod Gab -NBV 01.01.2022	-	-	5,438	-	-	-	5,438	194,688	200,127	200,127
Balance 01.01.2022	1,684,128	3,013,829	46,576,940	20,269,821	132,540	19,262,158	89,255,288	5,425,677	94,680,965	96,365,093
Balance 31.12.2022	6,704,090	9,914.063	75.812.401	30.370.405	916.530	23.429.438	140,442,837	13.453.156	153,895,993	160,600,083



Analysis of Financial Results

Acquisitions and disposals of assets

Description	Intangible assets	Lands and lands fit-outs	Buildings	Equipment, technological facilities and means of transportation	Furniture, office supplies and protective equipment	Biological assets	Subtotal	Tangible assets in progress	Total	Grand total
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Gross amount

Balance 01.01.2021	243.606	1.687.934	27.180.352	33.133.358	141.785	6.791.458	68.934.885	6.720.890	75.655.775	75.899.382
Fix assets inputs in 2021	1.566.206	-	18.301	1.857.842	33.758	4.209.011	6.118.911	7.570.846	13.689.757	15.255.963
Fix assets outputs in 2021	(2.093)	-	(18.301)	(134.321)	-	(1.893.821)	(2.046.444)	(791.346)	(2.837.790)	(2.839.883)
Fix assets transfers in 202	-	-	6.949.529	2.928.434	2.767	-	9.880.730	(9.880.730)	-	-
Balance 31.12.2021	1.807.719	1.687.934	34.129.880	37.785.312	178.310	9.106.647	82.888.083	3.619.660	86.507.743	88.315.462

Depreciation

Balance 01.01.2021	83.910	19.964	1.114.791	16.461.261	45.484	659.132	18.300.631	-	18.300.631	18.384.541
Depreciation in 2021	88.183	5.680	1.053.650	3.893.343	22.590	896.635	5.871.898	-	5.871.898	5.960.081
Depreciation related to deregistered fixed assets	(2.093)	-	-	(114.032)	-	(344.676)	(458.708)	-	(458.708)	(460.801)
Balance 31.12.2021	170.000	25.644	2.168.441	20.240.572	68.074	1.211.090	23.713.821	-	23.713.821	23.883.821

Input Lacto Agrar SRL

Balance 31.12.2021	46.408	1.351.539	14.615.500	2.725.082	22.305	11.366.601	30.081.027	1.806.016	31.887.043	31.933.451
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Net Book Value

Balance 01.01.2021	159.696	1.667.970	26.065.561	16.672.097	96.301	6.132.326	50.634.255	6.720.890	57.355.145	57.514.841
Balance 31.12.2021	1.684.128	3.013.829	46.576.939	20.269.822	132.541	19.262.158	89.255.289	5.425.678	94.680.967	96.365.092

Independent Auditor's Report - Consolidated Level



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DN Agrar Group S.A.

Opinion

1. We have audited the accompanying consolidated financial statements of DN Agrar Group SA and its subsidiaries (the "Group") which comprise the balance sheet as at 31 December 2022, the income statement, the statement of changes in equity and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

2. The consolidated financial statements as at 31 December 2022 are identified as follows:

- > Total equity: RON 79,661,430
- > Net result for the financial year - profit: RON 13,940,230

3. In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the Order of the Minister of Public Finance No. 1802/2014 (OMFP 1802/2014*) approving the Accounting Regulations on the separate annual financial statements and consolidated annual financial statements, as amended.

Basis for opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISA") and Law no. 162/2017. Our responsibilities under these standards are described in detail in the section "Auditor's Responsibilities in an Audit of Consolidated Financial Statements" of our report. We are independent of the Group in accordance with the professional ethics requirements relevant to the audit of the financial statements of Romania and have fulfilled our other professional ethics responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the management and of the people in charge of governance for the consolidated financial statements

5. The Group's management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with OMFP 1802/2014 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the consolidated financial statements, the Group's management is responsible for assessing the Group's ability to continue as a going concern, for disclosing, where appropriate, going concern matters and for using the going concern basis of accounting, unless management either intends to liquidate the Group or cease operations or has no realistic alternative but to do so.



7. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities in an audit of consolidated financial statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement, if one exists. Misrepresentations may be caused either by fraud or error and are considered material if they could reasonably be expected, individually or in aggregate, to affect the economic decisions of users made on the basis of these consolidated financial statements.

9. As part of an ISA audit, we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- > We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, because fraud may involve secret understandings, misrepresentation, intentional omissions, misrepresentation and avoidance of internal control.
- > We understand internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- > We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- > We draw a conclusion on the adequacy of management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant doubts about the Group's ability to continue its activity. If we conclude that a material uncertainty exists, we should draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained to the date of the auditor's report. However, future events or conditions may cause the Group to cease to operate on a going concern basis.
- > We assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and the extent to which the consolidated financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
- > We obtain sufficient audit evidence about the Group's financial information or its activities to express an opinion on the consolidated financial statements. We are responsible for planning, supervising and carrying out the audit. We take sole responsibility for our opinion.



10. We communicate to those charged with governance, among other matters, the planned scope and timing of the audit and the principal audit findings, including any significant deficiencies in internal control that we identify during the audit.

Bucharest, 7 April 2023

Authority for Public Supervision of the
Statutory Audit Activity Christodoulos Seferis
Electronic Public Register: AF1585

Christodoulos Seferis

Registered in the ASPAAS Electronic Public Register under no. AF1585

On behalf of TGS ROMANIA ASSURANCE & ADVISORY BUSINESS SERVICES S.R.L.

Registered in the ASPAAS Electronic Public Register under no. FA91

Authority for Public Supervision
of the Statutory Audit Activity (ASPAAS)
Audit Firm: TGS Romania Assurance &
Advisory Business Services S.R.L
Electronic Public Register: FA91





Independent Auditor's Report - Consolidated Level



INDEPENDENT AUDITOR'S REPORT

To: Shareholders of DN Agrar Group SA

Opinion

1. We have audited the accompanying separate financial statements of DN Agrar Group SA (the "Company") which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended and a summary of significant accounting policies and other explanatory notes for the year 2022.

2. The financial statements as at 31 December 2022 are identified as follows:

- > Total equity: RON 35,719,338
- > Net result for the financial year - profit: RON 1,656,619

3. In our opinion, the Company's financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022, and its financial results for the year then ended, in accordance with the Order of the Minister of Public Finance No. 1802/2014 ("OMFP 1802/2014") approving the Accounting Regulations on the Separate Annual Financial Statements and Consolidated Annual Financial Statements, as amended.

Basis for opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISA") and Law no. 162/2017. Our responsibilities under these standards are described in detail in the section "Auditor's Responsibilities in an Audit of Financial Statements" of our report. We are independent of the Company in accordance with the professional ethics requirements relevant to the audit of Romania's financial statements and have fulfilled our other professional ethics responsibilities as required by those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information - Directors' Report

5. Other information includes the Directors' Report. The directors are responsible for the preparation and presentation of the Directors' Report in accordance with OMFP 1802/2014, paragraphs 489-492 of the Accounting Regulations on the separate annual financial statements and consolidated annual financial statements and for such internal control as the directors determine is necessary to enable the preparation and presentation of the Directors' Report that is free from material misstatement, whether due to fraud or error. The Directors' Report does not form part of the financial statements. Our opinion on the financial statements does not cover the Directors' Report

6. In connection with the audit of the financial statements for the year ended 31 December 2022, our responsibility is to read the Directors' Report and, in doing so, to assess whether there are any material inconsistencies between the Directors' Report and the financial statements, whether the Directors' Report includes, in all material respects, the information required by OMFP 1802/2014, paragraphs 489-492 of the



Accounting Regulations on the Separate Annual Financial Statements and the Consolidated Annual Financial Statements, and whether based on our knowledge and understanding acquired during the audit of the financial statements with respect to the Company and its environment, the information included in the Directors' Report is materially misstated. We are asked to report on these issues. Based on the activity carried out, we report that:

- a) We have not identified any information in the Directors' Report that is not consistent in all material respects with the information presented in the accompanying financial statements;
- b) The directors' report identified above includes, in all material respects, the disclosures required by OMFP 1802/2014, paragraphs 489-492 of the Accounting Regulations on Separate Annual Financial Statements and Consolidated Annual Financial Statements.

7. In addition, based on our knowledge and understanding obtained during our audit of the financial statements for the year ended 31 December 2022 with respect to the Company and its environment, we have not identified any information included in the Directors' Report that is materially misstated.

Responsibilities of management and those charged with governance for the financial statements

8. The Company's management is responsible for the preparation of financial statements that give a true and fair view in accordance with OMFP 1802/2014 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, if applicable, going concern matters and for using going concern basis of accounting, unless management either intends to liquidate the Company or cease operations or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of the financial statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement, if one exists. Misrepresentations may be caused either by fraud or error and are considered material if they could reasonably be expected, individually or in aggregate, to affect the economic decisions of users made on the basis of these financial statements.

12. As part of an ISA audit, we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- > We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, because fraud may involve secret understandings, misrepresentation, intentional omissions, misrepresentation and avoidance of internal control.



- > We understand internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- > We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- > We conclude on the appropriateness of management's use of going concern accounting and determine, based on audit evidence obtained, whether there is a material uncertainty about events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained to the date of the auditor's report. However, future events or conditions may cause the Company to cease to operate on a going concern basis.
- > We assess the overall presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
- > We obtain sufficient audit evidence about the Company's financial information or its activities to express an opinion on the financial statements. We are responsible for planning, supervising and carrying out the audit. We take sole responsibility for our opinion.

13. We communicate to those charged with governance, among other matters, the planned scope and timing of the audit and the principal audit findings, including any significant deficiencies in internal control that we identify during the audit.

Bucharest, 28 March 2023

Authority for Public Supervision of the
Statutory Audit Activity Christodoulos Seferis
Electronic Public Register: AF1585

Christodoulos Seferis

Registered in the ASPAAS Electronic Public Register under no. AF1585

On behalf of TGS ROMANIA ASSURANCE & ADVISORY BUSINESS SERVICES S.R.L.

Registered in the ASPAAS Electronic Public Register under no. FA91

Authority for Public Supervision
of the Statutory Audit Activity (ASPAAS)
Audit Firm: TGS Romania Assurance &
Advisory Business Services S.R.L.
Electronic Public Register: FA91

2023 Income and Expenditure Budget

For the year 2023, we estimate increasing financial results for DN AGRAR Group SA. In terms of the Company's financial performance, we estimate a total turnover of almost RON 160 million, a 6% increase, mainly due to increased milk production in the three farms DN Agrar Cut, Lacto Agrar and DN Agrar Apold.

In 2023, we estimate operating revenues of RON 222.61 million, a 8.37% increase compared to the same period in 2022. As far as the revenue from the production sold is concerned, it can reach almost RON 160 million, an increase of about 9% compared to 2022.

Income from operating subsidies will increase by more than 35% to RON 20 million. Subsidies received through APIA are mainly for agricultural activity, for agricultural land and raw milk production. Subsidies are granted on the basis of the number of animals owned and the area of land used, based on applications from the organization.

In the context of the increase in the breeding herd, we see an increase of RON 0.72 million in income from the production of fixed assets, up to RON 8 million.



Indicators	RON
Net turnover	159,705,913
1. Production sold	159,761,146
Income from sale of goods	-
Commercial discounts granted	(55,233)
2. Income related to the cost of work in progress	33,376,489
3. Income from the production of intangible and tangible fixed assets	8,014,788
4. Income from revaluation of tangible assets	-
5. Income from investment property production	-
6. Income from operating subsidies	20,000,000
7. Other operating income	1,517,559
OPERATING INCOME - TOTAL	222,614,749
8. a) Expenditure on raw materials and consumables	117,842,089
Other material expenses	1,972,934
b) Other external expenses	3,745,602
c) Expenses with merchandise	554,814
Primary trade discounts	(874,719)
9. Staff expenditure	25,480,429
a) Salaries and allowances	24,956,470
b) Insurance and social protection expenditure	523,959
10.a) Value adjustments on tangible and intangible assets	20,135,990
a.1) Expenses	20,135,990
a.2) Income	-
b.1) Expenses	1,845,435
b.2) Income	920,942
11. Other operating expenses	32,326,745
11.1. Expenditure on external benefits	30,771,082
11.2. Expenditure on other taxes, duties and similar charges [§] expenditure on transfers and contributions payable under special legal acts	624,518
11.3. Environmental protection expenditure	-
11.4 Expenditure on revaluation of tangible fixed assets	-
11.5. Expenses relating to disasters and other similar events	-
11.6. Other expenses	931,145
Expenses with refinancing interest reported by entities stricken off from the General Register and have ongoing leases	-



2023 Income and Expenditure Budget

Indicators	RON
Adjustments relating to provisions	67,290
- Expenses	317,118
- Income	384,408
TOTAL OPERATING EXPENSES	202,041,086
OPERATING PROFIT OR LOSS	20,573,663
12. Income from participating interests	-
- of which, income from affiliated entities	-
13. Interest income	121,950
- of which, income from affiliated entities	207,524
14. Operating subsidy income for interest due	-
15. Other financial revenue	2,109,331
- of which, income from other financial fixed assets	-
TOTAL FINANCIAL INCOME	2,231,282
16. Value adjustments on financial fixed assets and financial investments held as current assets	-
- Expenses	-
- Income	-
17. Interest expenses	5,063,287
- of which, expenses in relation to affiliated entities	220,361
18. Other financial expenses	1,265,654
TOTAL FINANCIAL EXPENSES	6,328,941
FINANCIAL PROFIT OR LOSS	(4,097,660)
TOTAL REVENUE	224,846,030
TOTAL EXPENDITURE	208,370,027
19. GROSS PROFIT OR LOSS	16,476,003
20. Corporate tax	3,383,254
- of which, expenses in relation to affiliated entities	-
18. Other financial expenses	34,798
23. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR	13,057,951
Net profit or loss on minority interests	-
23. NET PROFIT OR LOSS OF THE GROUP	13,057,951

For the year 2023 we have budgeted operating expenses of RON 202 million, an increase of 11% compared to the previous year, mainly supported by expenses for raw materials and consumables, which will reach almost RON 118 million. These are due to the increase in the cost of production for feed obtained in the 2022 crop year, the increase in the number of directly productive animals on the farm and the areas worked to meet feed requirements. Expenditure on external benefits is estimated to reach almost RON 31 million. Depreciation and value adjustment expenses are estimated at more than RON 20 million, due to the increase in total assets following the acquisition of the two farms.

For the operating result of the DN AGRAR group of companies, in the context of a lower growth rate of turnover compared to expenses, an operating result of almost RON 21 million is estimated for 2023. Anticipating these effects, the Company will invest in several projects, part of the circular economy, which will allow in a medium time horizon to reduce expenses.

For financial revenues we estimate an increase of more than RON 2 million, while for financial expenses we estimate a decrease of more than RON 2 million to RON 6.32 million. The decrease in financial expenses will mainly be driven by lower interest expenses due to the conversion of all group-wide loans from RON to EURO.

The estimated gross result will be approximately RON 16.5 million as at 31.12.2023, slightly down by more than RON 1 million compared to the same period last year.

At the end of 2023, for the DN AGRAR group of companies, we estimate a net profit of over RON 13 million, down by 6.33% compared to 31.12.2022.



ENVIRONMENT, SOCIAL AND GOVERNANCE

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Corporate Governance Principles

Statement on alignment with the BVB Corporate Governance Principles for the multilateral trading facility - AeRO market.

	Provisions of the Corporate Governance Code	Complies	Not comply	Reason for non-compliance
SECTION A - RESPONSIBILITIES OF THE BOARD OF DIRECTORS (THE BOARD)				
A1	The Company must have internal Board rules that include terms of reference regarding the Board and key management functions of the Company. Conflict of interest management at Council level should also be addressed in the Council Regulation.		X	We plan to adopt a regulation in the near future
A2	Any other professional commitments of Board members, including executive or non-executive Board membership in other companies (excluding subsidiaries of the Company) and non-profit institutions, shall be disclosed to the Board prior to appointment and during the term of office.	X		
A3	Each member of the Board shall inform the Board of any relationship with a shareholder who directly or indirectly holds shares representing not less than 5% of the total number of voting rights. This obligation covers any kind of link which may affect the position of the member concerned on matters relating to Board decisions.	X		
A4	The annual report must state whether an evaluation of the Board has taken place under the leadership of the Chairman. It must also contain the number of Board meetings.		X	We are considering compliance
A5	The procedure for cooperation with the Authorized Consultant for the period during which such cooperation is required by the Bucharest Stock Exchange shall contain at least the provisions specified in the Corporate Governance Code.	X		
SECTION B - INTERNAL CONTROL/AUDIT				
B1	The Board shall adopt a policy such that any transaction by the Company with a subsidiary representing 5% or more of the Company's net assets, as of the most recent financial report, is approved by the Board.	X		
B2	The internal audit must be carried out by a separate organizational structure (internal audit department) within the Company or through the services of an independent third party, which will report to the Board and, within the Company, directly to the CEO.		X	Not being obliged to have an internal audit department, we currently do not have one



Corporate Governance Principles

Statement on alignment with the BVB Corporate Governance Principles for the multilateral trading facility - AeRO market.

	Provisions of the Corporate Governance Code	Complies	Not comply	Reason for non-compliance
SECTION C - FAIR REWARDS AND MOTIVATION				
C1	The Company will publish in the annual report a section which will include the total income of the Board members and the CEO for the financial year in question and the total amount of all bonuses or any variable compensation and also the key assumptions and principles for calculating the above income.	X		
SECTION D - BUILDING VALUE THROUGH INVESTOR RELATIONS				
D1	In addition to the information required under the legal provisions, the Company's website will contain a section dedicated to Investor Relations, both in Romanian and English, with all relevant information of interest to investors, including the provisions specified in the Corporate Governance Code.	X		
D2	A company must have an adopted corporate dividend policy, as a set of guidelines for the distribution of net profits, which the company declares it will follow. The principles of the dividend policy must be published on the company's website.	X		
D3	A company must have a policy in place regarding forecasts and whether or not they will be provided. Forecasts are quantified conclusions of studies that aim to determine the total impact of a list of factors relating to a future period (so-called assumptions). The policy should state the frequency, the period considered and the content of the forecasts. The forecasts, if published, will be part of the annual, half-yearly or quarterly reports. The forecast policy must be published on the company's website.		X	
D4	A company must set the time and place of a general meeting in such a way as to allow as many shareholders as possible to attend.	X		
D5	Financial reports will include information in both English and Romanian on the main factors influencing changes in sales, operating profit, net profit or any other relevant financial indicator.	X		
D6	The company will hold at least one meeting/conference call with analysts and investors each year. Information presented on these occasions will be published in the Investor Relations section of the company's website at the time of the respective meeting/conference call.	X		

ESG Standard Description

DN AGRAR’s strategy is to promote sustainable, regenerative farming practices that maximize productivity, reduce environmental impact and ensure long-term profitability.

We believe that by investing in our farms, our communities and our planet, we can build a resilient and sustainable food system that benefits everyone. For cow’s milk production, farming and management activities, we have implemented procedures to ensure that activities are carried out in a responsible and sustainable manner.

In addition, the group companies constantly monitor compliance with applicable laws and regulations to minimize risks and protect companies from negative consequences, as well as to ensure efficient and integrated business management.

From 2023, we aim to follow the EU taxonomy and take the necessary steps that would allow us to develop a sustainability strategy



DN AGRAR in the social environment

A beautiful story with and about **REMARKABLE PEOPLE** and **WONDERFUL CHILDREN!**

Iulia, where **REMARKABLE PEOPLE** work with dedication and a warm and understanding heart for children in need.

In these rather complicated times in which we live, it is absolutely necessary to be aware and to be united and in solidarity with those in need, especially with children, who represent our future. It is up to all of us to show that we care and that children's health and acceptance is a priority for our society.

More than 30,000 people and 270 companies have joined the cause of the Maria Beatrice Center, building and supporting the center, exclusively from donations and sponsorships, in the therapy and monitoring of premature babies, victims of accidents and cerebral palsy. It's an impressive effort that people of good faith and big hearts are making for children in need.



We, at DN AGRAR, **wanted from the beginning to join those who SUPPORT such actions and BUILD a future for these WONDERFUL CHILDREN**, who so bravely and decently fight their fights, often with a smile on their faces - giving us all real life lessons.

We are a reliable partner for the Maria Beatrice Center in this beautiful journey they have started, in building a hospital for children with disabilities and their families. For over 8 years, we have been supporting the cause of the Center, **so far our company has invested over RON 1.5 million**, and we hope that our example will be followed by all those who want to support and show solidarity with this cause.

We stand together with the Maria Beatrice Center, as we believe that life with disabilities must have dignity and be encouraged by love and empathy, and for this ANY ONE OF US CAN BE THE HERO OF THESE CHILDREN!



For further details about the Center and how you can support it, please visit <https://mariabeatrice.ro>



DN AGRAR in the social environment



NGO Collaboration

The Association Center of Excellence for Agri-Food Education Resources and Sustainable Development (AgriEDU CEX) is established in 2021 with the aim to promote local, regional, national and international cooperation to support agricultural education reforms in Romania, involving the education sector and business partners, with the support of government institutions and local authorities.

The association promotes sustainable partnerships for green education by working with stakeholders in Romania to carry out activities to increase the capacity of the agri-food education sector to adapt educational processes to market requirements and to increase the attractiveness of the agricultural sector for the younger generation. These include training courses, internships, study visits, workshops, seminars and inspirational events on priority topics in agriculture.

The association operates on the basis of a partnership established with Green Table of the Netherlands in the framework of the GroenPact internationalization acceleration program, a platform on which Dutch environmental education institutes, the business community and civil society organizations have joined forces with the Dutch Ministry of Agriculture, Nature and Food Quality.

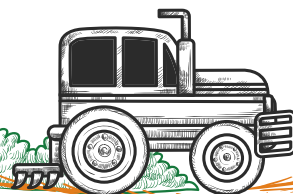
In 2022, DN AGRAR has started a collaboration with the AgriEDU CEX Association to support and involve us directly in the education system.

We will start a series of visits to high schools and universities in Romania, where we will join the AgriEDU CEX Association, as support in the programs and projects that it runs, based on the Romanian-Dutch collaboration, in the field of agricultural education, for pre-university, university and business environment.

Our involvement is especially aimed at agri-food education, we support collaboration through access to internships, through the possibility of carrying out various educational projects for pupils and students, about the companies within DN AGRAR.

These actions are designed to stimulate access and support partnerships to facilitate access to modern educational resources and tools, supporting the training of new generations of farmers.

DN AGRAR is permanently involved in the social life of the community, actively supports long-term projects and provides a favorable environment for professional development, responsible people willing to offer their own experience to improve working habits, and offering their valuable contribution to the Romanian society.



DN AGRAR in the social environment

Supporting Educational Establishments and Local Communities

In addition to our support in the field of social assistance, we at DN AGRAR are proud to be **directly involved in the social and educational system** by supporting, free of charge, primary schools in rural areas with poor infrastructure, and not only, by teaching primary school pupils about animal zootechnics and agriculture.

As a company that supports our community, we are dedicated to helping improve education and create a better society. Through this initiative to improve the quality of education in rural areas, we help pupils learn about the importance of animals in our lives and encourage them to care for the environment.

We help pupils learn about the importance of animals in our lives and encourage them to care for the environment.



In these programs, **schools and local communities are assisted by our experts and encouraged to identify problems faced by pupils and the education process in specific areas**, so that we can support them in finding and implementing solutions.

We are open to and participate with local communities and authorities in programs to promote local businesses through financial support and support to educational establishments in the areas where we operate, and are proud to support education and contribute to the development of our community.

We support, free of charge, primary schools in rural areas by teaching pupils about zootechnics and agriculture.



DN AGRAR in the social environment

INTERNSHIP at DN AGRAR

Another direction in which we are involved is to help **train a new generation of young and professional farmers**, who will ensure the exchange of generations on the farms, by offering the possibility of internships within the companies of the DN AGRAR Group.

At DN AGRAR, young people who choose the internship option benefit from the opportunity to work on a modern cow farm and thus have access to the latest technologies and best practices in zootechnics and farming.

Also, if young people choose Agriculture for Internship, they benefit from a **training in the field of agri-business DN AGRAR**, where they improve their knowledge of agricultural practice, discover techniques and methodologies specific to this field. This is a “learn-by-doing” program, where participants learn by practicing the work itself.

We need intelligent, creative, discerning and enthusiastic people. This program aims to identify future professionals in Zootechnics and Agriculture, who will have the opportunity to learn with the team of professionals of DN AGRAR.





Guvernanță

Corporate governance at DN AGRAR focuses on values such as integrity, transparency and accountability and the Company is committed to providing employees, shareholders, investors and partners with a sustainable, responsible and profitable business that delivers value.

The Company's Board of Directors is responsible for making strategic decisions and overseeing the activities of all Group companies. The Board of Directors consists of members with business experience and is responsible for ensuring strong and effective corporate governance that promotes values such as integrity, transparency and accountability.

DN AGRAR's corporate culture also promotes good corporate governance and high ethical standards based on transparency and fairness. DN AGRAR has developed and published remuneration and dividend policies.



The Board of Directors consists of 5 members

• **Jan Gijsbertus de Boer - Chairman of the Board and founding member of DN AGRAR, 2008 to present**

Jan Gijsbertus de Boer is a graduate of the Higher Institute of Agriculture in Groningen and a founding member of DN AGRAR and has extensive experience in agricultural business gained over 20 years. Arriving in Romania in 2008, he found here the people and the conditions to build a business in agriculture and especially in dairy farming. He implemented all the knowledge he acquired during his years of leadership on farms in the Netherlands and Germany. Thanks to his efforts, DN AGRAR became the largest integrated livestock farm in Romania in 2022.

• **Marijke Geerts de Boer – Member of the Board of Directors**

Marijke Geerts de Boer currently holds the following positions: - General Manager Beheermaatschappij De Boer B.V. - Chief Financial Office ELKI-GROUP Germany - PR Manager ELKI-GROUP Germany

• **Hilbertus Peter de Boer – Member of the Board of Directors**

Peter de Boer is a graduate of the Faculty of Law and Business Administration at Leiden University, the Netherlands, and of the Financial Valuation and Modelling course at the CFI Corporate Financial Institute. He has been part of the DN AGRAR team since 2019 as Strategic Corporate Financial Manager and Investor Relations Manager. Due to his experience, Peter is responsible for leading the administrative departments of the DN AGRAR group of companies, is responsible for establishing and implementing Human Resources strategies, as well as for the digitalization strategy of the companies within the group, through the implementation of an ERP system and management software for agriculture. From a DN AGRAR investor relations perspective, Peter is responsible for maintaining effective, consistent and transparent communication, ensuring a long-term partnership with them.

• **Gheorghe-Sorin Șerban – Member of the Board of Directors**

Gheorghe-Sorin Șerban is a graduate of the Technical University of Cluj-Napoca, where he obtained a degree in Engineering. In 1997 he qualified as a Financial Investment Services Agent. He started his professional career in 1995 as a Sales Agent and then held positions such as: Marketing Manager, Financial Services Broker, Insurance Agent, Unit Manager in a major bank, and since 2008 he has been Executive Manager of Business Broker de Asigurare SRL.

• **Cristian Dan Bințișan – Member of the Board of Directors**

Cristian Dan Bințișan is a graduate of the Technical University of Cluj-Napoca, Faculty of Automation and Computers. He started his professional activity in 1996 as IT System Engineer and since 1999 he has been Executive Director of INFOGRUP SRL.

Investor Relations



BETAeRO INDEX

TOP 10 STOCKS

Investor Relations is a strategic function within our organization and is based on the direct coordination and involvement of our Board members. Our Company has a transparent and open relationship with them, providing financial and operational information on a regular basis for informed decision-making.

DN AGRAR has placed great importance on Investor Relations activities and has focused on adopting best practices as quickly as possible within the Company. **Two conferences were organized in 2022 to present the financial results**, online, with simultaneous translation into Romanian and English. Conference recordings are available on our website www.dn-agrar.eu.

For the current report, 33 communications were initiated through the Bucharest Stock Exchange. We have also actively communicated in the media, by participating in capital market conferences and responding to press interviews. **We were mentioned more than 300 times in 2022.**

As regards the VEKTOR by ARIR indicator, the score of 8.5 obtained for the first year, according to the assessment at the end of December, is mainly due to the fact that we were present in the market for less than 1 year. **Our presence since September in the BETAeRO index, in the top 10 stocks, is proof of the interest in trading our shares.** We are interested in identifying ways to increase the weight in the index.

In 2023 we will launch a new website with more interactive tools, which will allow a more comprehensive analysis of our actions and support new analyses.



Accounting Policies

The items presented in the financial statements are measured in accordance with the general accounting principles set out below on an accrual basis. The effects of transactions and other events are recognized when the transactions and events occur and are booked in the accounts and reported in the financial statements of the related periods. Accounting entries are made in RON at historical cost, unless fair value is used in accordance with the Company's accounting policies.

The accounts are kept in Romanian and in national currency. The accounting of transactions carried out in foreign currency is kept both in national currency and in foreign currency.

Conversion of foreign currency transactions

Transactions of companies in foreign currencies are booked at the exchange rate on the date of the transactions: gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. The balances of claims, debts and monetary liquidity in foreign currency as at 31 December are converted into RON at the daily reference rate published by the National Bank of Romania.

Conventions and Principles

As general rules for the recognition of items in the financial statements, companies have adopted the following conventions, principles and rules:

- a) the going concern, according to which the general business of companies is carried on continuously, without the premise (intention or necessity) of their business being interrupted or going bankrupt;
- b) the accounting policy commitment, stating that the effects of transactions and other events are recognized (and hence booked and reported in the individual financial statements) when the transactions and events occur (and not when cash or its equivalent is received or paid).
- c) items presented in the individual financial statements shall be measured in accordance with the following accounting principles:
 - Going concern principle
 - Principle of permanence of methods
 - Precautionary principle
 - Principle of accruals accounting
 - Principle of separate valuation of assets and liabilities
 - Principle of intangibility

- No compensation principle
- Principle of economic prevalence over legal
- Principle of significance threshold

d) The qualities of accounting information that have been taken into account in the preparation of the individual financial statements are: relevance, credibility, comparability, understandability.

SPECIFIC POLICIES RELATED TO FIXED ASSETS

INTANGIBLE ASSETS

Evaluarea imobilizărilor necorporale se efectuează la costul de achiziție, pentru activele care intră prin cumpărare, la costul de producție, pentru activele produse de societatea aflată în administrare proprie, la valoarea justă, respectiv valoarea utilității pentru activele care intră prin aportul la capitalul social, prin donație, subvenție sau schimb cu alte active. Costurile aferente modernizărilor, îmbunătățirilor și altor eforturi care îmbunătățesc performanțele/parametrii de utilizare ai activului respectiv sunt (de asemenea) capitalizate în valoarea de intrare a mijloacelor fixe. Evaluarea în bilanț se efectuează la minim între valoarea contabilă netă și valoarea recuperabilă, iar ieșirea din gestiune se efectuează la valoarea de intrare.

Concesiuni, brevete, licențe, mărci comerciale, drepturi și active similare

Intangible assets are valued at acquisition cost for assets acquired through purchase, at production cost for assets produced by the company under its own management, at fair value or at value in use for assets contributed to the company's capital, by donation, grant or exchange with other assets. The costs of upgrades, improvements and other efforts that improve the performance/use parameters of the asset concerned are (also) capitalized in



Accounting Policies

the input value of fixed assets. The valuation in the balance sheet is carried out at the lower of net book value and recoverable amount, and the disposal is carried out at the entry value.

Concessions, patents, licenses, trademarks, rights and similar assets representing the contribution, acquired or otherwise obtained, shall be booked in the intangible asset accounts at the entry value or acquisition cost, as appropriate. In this situation, the entry value is assimilated to the fair value. Concessions received are reflected as intangible assets when the concession contract establishes a certain duration and value for the concession. Depreciation of the concession shall be charged over the period of its use, as determined under the contract. If the contract provides for the payment of rent and not for depreciable value, the rent expense will be reflected without recognition of an intangible asset.

Advances and other intangible assets

Advances and other intangible assets include advances to suppliers of intangible assets, computer software created by the entity or purchased from third parties for own use and other intangible assets.

Valuation on the balance sheet date

Intangible assets are shown in the balance sheet at their entry value less accumulated value adjustments.

TANGIBLE ASSETS

LANDS

In the case of tangible fixed assets in the "Lands" group, companies have opted to book their value at cost. The valuation of land at the balance sheet date is carried at cost less accumulated depreciation adjustments.

BUILDINGS AND PRODUCTIVE BIOLOGICAL ASSETS (DAIRY COWS)

The companies have opted to book them at acquisition cost, for assets that come in through purchase or production cost, for assets that are produced by

the company on its own or in partnership. Valuation on the balance sheet date is at cost less accumulated depreciation adjustments.

The gain or loss resulting from the revaluation of tangible assets in accordance with the provisions of these regulations shall be reflected in the debit or credit of the "Revaluation reserves" account, as appropriate, in accordance with the provisions on the revaluation of tangible assets.

The reduction of revaluation reserves can only be made up to the limit of the existing loan balance.

The gain on depreciation of revaluation differences is deemed to be achieved because the asset is depreciated (used by the economic entity). In this case, the amount of the reserve transferred is the difference between the depreciation calculated on the basis of the revalued carrying amount and the depreciation calculated on the basis of the original cost of the asset.

Depending on the legal provisions in force at the time, the revaluation of tangible assets and therefore the related revaluation reserve was recognized for tax purposes or not. As a result, the company books and tracks on the basis of separate analytically recognized and non-tax recognized items, revaluation reserves, and surplus carried forward.

Subsequent expenditure

Subsequent expenditure on significant improvements is recognized as a component of the asset if it has the effect of improving the original technical parameters and/or results in future economic benefits over and above those originally estimated. The costs of maintenance, repairs and minor improvements are recognized as expenses in the period in which they are incurred.

Disposals and receipts of tangible assets, which are scrapped or retired from service, are removed from the balance sheet together with the related accumulated depreciation. Any profit or loss arising from such a transaction is determined as the difference between the income arising on derecognition and the undepreciated amount, including the expenses arising thereon, and is included as income or expense respectively in the income statement. Gains and losses on the sale of fixed assets are determined on the basis of their sales



Accounting Policies

value and are taken into account in determining operating profit.

Fixed assets by type of inventory items

Fixed assets as inventory items are expensed at the time of consumption and are not included in the book value of fixed assets.

Tangible assets in progress

Tangible assets in progress represent unfinished investments made under own management or in a joint venture and are valued at acquisition or production cost, as appropriate. These are classified as fixed assets completed after acceptance, implementation or commissioning, as appropriate.

Financial leasing

Fixed assets to be acquired under finance leases will be capitalized and depreciated over their estimated useful lives on the same basis as own fixed assets. Assets acquired under finance leases are recognized as assets at the lower of fair value on the date of acquisition and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease liability. The financing cost, which represents the difference between the total lease payments and the fair value of the leased assets, is allocated in the balance sheet over the term of the lease to produce a constant periodic rate of interest on the remaining debt balance each period.

Depreciation

Tangible and intangible fixed assets are depreciated using the straight-line method, in accordance with the "Accounting Regulations under European Directives" approved by Order of the Minister of Finance 1802/2014, on the basis of their estimated useful lives from the time they are put into service, so that the cost decreases to the estimated residual value over the expected useful life, as follows:

- Tangible assets 3-18 years
- Spatial planning 9 years
- Buildings 8-60 years
- Equipment, technological installations and means of transport 2-24 years

- Furniture, office equipment and protective equipment 3-12 years
 - Biological assets (dairy cows) 5 years
 - Land is not depreciated because it is assumed to have an indefinite useful life
- The tax depreciation regime is also the straight-line depreciation regime.

FINANCIAL ASSETS

Financial assets represent long-term investments, shares in affiliated companies and other investments and are stated at cost or at the amount determined by contract to acquire them, less accumulated adjustments for impairment losses.

The balance sheet date valuation of financial assets is shown in the balance sheet at the entry value less accumulated impairment adjustments.

SPECIFIC POLICIES RELATED TO CURRENT ASSETS

INVENTORIES

Inventories are valued at purchase cost and production cost respectively. The cost of inventory includes all costs related to acquisition and processing, as well as all costs incurred by the company to bring the inventory to its present form and location.

The cost of finished products, as well as work in progress, includes direct materials, direct labor and other direct production costs, as well as the portion of indirect costs reasonably allocated as related to their manufacture. The discharge method is FIFO (i.e. first in - first out). Inventories are stated in the balance sheet at the lower of cost and net realizable value.

RECEIVABLES

Short-term receivables (with maturities of up to 12 months) are valued at face value on the date they arise, no further periodic discounting is required. Long-term receivables are shown at a discounted value, based on an exchange rate or on the collection schedule. It reflects the adjustments and provisions for impairment of receivables, for impairment of receivables in accounts receivable and accounts receivable, with the inventory at the end of the financial year, the adjustments for impairment. Exchange differences related to foreign currency



Accounting Policies

receivables at the end of each financial year are recognized as financial income or expense for the period.

Uncollected receivables will result in the recognition of losses in the financial statements of the year in which they are identified, as such only if it is certain that it is impossible to collect this amount and only after the company has taken all the necessary actions in these situations (enforcement of the debtor's debt and obtaining a final judgment, filing for bankruptcy of the debtor, etc.).

CASH AND CASH EQUIVALENTS

Cash funds are shown separately and accounted for by currency type. The accounting records of cash funds in estimates and their movement shall be made in RON at the exchange rate on the transaction date.

At the end of the financial year, foreign exchange balances are translated at the exchange rate communicated by the National Bank of Romania, valid at the end of the financial year, and exchange rate differences are booked as financial expenses or income for the period.

SPECIFIC POLICIES RELATED TO ADVANCE SPENDING

Expenditure incurred in the current financial year but relating to subsequent financial years shall be booked separately as prepaid expenses and may be in the form of rents, subscriptions or other prepaid expenses. Expenditure booked in advance is valued at purchase cost or at the amount stated in the contract.

SPECIFIC DEBT POLICIES

Debts are valued at the nominal value of the sums of money to be paid or at the nominal value of other means of extinguishing the debt. Discounting of the value of debts is done in the case of debts in foreign currency, which are not settled by the end of the year, leading to the recognition of expenses or income from exchange rate differences during the period, or in the case of medium- and long-term debts which must be indexed to certain rates (bank loans, other similar loans, etc.).

Settlement in relation to staff and related contributions

The accounting of staff settlements covers salary entitlements, increments, additions, bonuses from the salary fund, annual leave allowances and temporary incapacity allowances paid from the salary fund and other entitlements in cash and/or in kind due from the staffing entity for work performed. The accounting of social contribution settlements includes social insurance contribution and health insurance contribution obligations. Social contributions shown in the balance sheet at the end of the financial year will be shown separately, i.e. social contributions to be recovered as receivables and social contributions to be paid as payables. Companies assess and record, each month, their payroll expenses and related payment obligations. All benefits in the form of salaries that are granted to employees are valued and included in the gross salary level. An exception to this rule is meal voucher allowances, which are granted to employees within the legally established limits.

Settlements with the state budget and special funds

Settlements with the state budget and special funds include: profit/income tax, value-added tax, tax on wage income, subsidies receivable, other taxes, duties and similar payments. Income tax/income tax payable should be recognized as a liability to the extent of the unpaid amount.

If the amount paid exceeds the amount due, the excess must be recognized as a receivable. The value added tax due to the state budget is determined as the difference between the amount of tax due on goods supplied or services rendered (VAT collected) and the tax deductible for purchases of goods and services (deductible VAT). Where there are differences between the VAT chargeable event and the due date, the total VAT is booked in a separate account, called non-taxable VAT which, as it becomes chargeable according to the law, is transferred to VAT collected or deductible VAT, as appropriate.

The income tax on wages and salaries, which is booked in the accounts, comprises the total of individual taxes calculated according to the law. Debts to the state budget and special funds are calculated, booked and transferred in accordance with the legal provisions in force.



Accounting Policies

Bank loans

Bank loans drawn by companies in the future will be valued and presented in the balance sheet at the present value of future payments required to repay the debt. The calculation of the discount will be done either by means of repayment schedules drawn up by the creditor bank, or by means of a discount rate considered representative. Interest on bank loans will be recognized as an expense of the respective financial years. Interest will be charged directly to costs. Liabilities related to bank loans in foreign currency will be converted at the end of the financial year into the reporting currency, using the reference exchange rate communicated by the National Bank of Romania for the end of the financial year, and the exchange rate differences arising will be recognized as financial income or financial expenses for the period. The current portion of long-term loans will be included in "Debts to be repaid within one year". Interest accrued at the balance sheet date will be included in "Amounts due to credit institutions" in current liabilities.

Provisions

A provision will be recognized only when: - an entity has a present liability arising from a past event. The amount recognized as a provision must be the best estimate at the balance sheet date of the costs required to settle the current obligation. Provisions should be reviewed on each balance sheet date and adjusted to reflect the current best estimate. If an outflow of resources is no longer likely to settle an obligation, the provision will be cancelled by the reversal of income. The provision will only be used for the purpose for which it was originally recognized.

SPECIFIC POLICIES RELATED TO ADVANCE INCOME

Income recognized in the current year but relating to subsequent financial years is booked separately as deferred income and may be in the form of rents, subscriptions or other income relating to future periods or years. Deferred income follows the regime of valuation and recording of debts.

SPECIFIC CAPITAL-RELATED POLICIES

Share Capital

The companies were established under Law No. 31/1990 republished, as amended and supplemented.

The share capital may be increased by issuing new shares, issued and subscribed at the market value of the shares, or by issuing shares granted free of charge.

Revaluation reserves

The gain or loss resulting from the revaluation of tangible assets in accordance with the provisions of these regulations shall be reflected in the debit or credit of the "Revaluation reserves" account in accordance with the provisions on the revaluation of tangible assets.

Revaluation reserves may be reduced only up to the limit of the existing loan balance.

The gain on the depreciation of revaluation differences is deemed to be realized as the asset is depreciated (used by the economic entity). In this case, the amount of the reserve transferred is the difference between the depreciation calculated on the basis of the revalued carrying amount and the depreciation calculated on the basis of the original cost of the asset.

Depending on the legal provisions in force at the time, the revaluation of tangible assets and therefore the related revaluation reserve was recognized for tax purposes or not. As a result, the company books and tracks revaluation reserves, as well as the transferred surplus, for separate analytical purposes recognized and unrecognized for tax purposes.

Legal reserves

Legal reserves are created annually from the entity's profit, in shares and within the limits provided by law (in the proportion of 5%, until the total reserve reaches 20% of the subscribed and paid-up capital), as well as from other sources provided by law. Legal reserves may be used only under the conditions laid down by law.



Accounting Policies

Other reserves

Other reserves which are not provided for by law or by the Articles of Association may be created as optional, at the expense of net profit to cover accounting losses or for other purposes, as decided by the General Meeting of Shareholders, in compliance with the legal provisions.

INCOME, EXPENDITURE AND PERFORMANCE POLICIES

Income recognition

Income is recognized in accordance with the following criteria:

- increase in future economic benefits, by increasing assets or reducing liabilities, determined when the following criteria are cumulatively met:
 - the transfer of all risks and rewards of ownership of the asset
 - effective control of the good sold is no longer held
 - that good can no longer be managed.

- Credible assessment

Sales excluding VAT, excise duties, other sales taxes and rebates are recognized when the delivery of goods and services has taken place and the transfer of risks and rewards takes place.

Income from the sale of goods is recorded when the goods are handed over to the buyers, delivered against invoice or under other conditions laid down in the contract, which attest to the transfer of ownership of these goods to the customers.

Income from the provision of services is booked in the accounts as it is earned.

Interest, royalty and dividend income is recognized as follows:

- a) interest is recognized periodically, pro rata, to the extent that the income is generated, on an accrual basis
- b) royalties are recognized on an accrual basis in accordance with the contract
- c) dividends are recognized when determining the shareholder's right to receive them.

The reduction or cancellation of established provisions, i.e. adjustments for depreciation or impairment reflected, is achieved by booking them to income if their maintenance is no longer justified, the risk is realized or the expense becomes chargeable.

Recognition of expenses

Expenditure is recognized according to the following criteria:

- a reduction in future economic benefits, through reductions in assets or increases in liabilities, which has the effect of reducing the company's equity, a consequence that does not relate to withdrawals or distributions to the company's founders
- the evaluation should be credible.

In order to properly value expenses, they are associated with the value of the assets that decrease accordingly or with the value of the liabilities that arise together with these expenses. Therefore, a correct valuation of assets at their inventory inflow and subsequently when adjusting their value for various reasons, i.e. correct valuation of liabilities, results in a credible valuation of the associated expenses.

A key aspect associated with expenses is the timing of their recognition. Professional judgement will be used here, which will be based on accrual accounting, as well as the principle of linking expenditure to the revenue that was generated in the period.

Expenditure relating to salaries and collaborators will be booked on the basis of salaries and related documents.

Expenditure relating to work carried out and services provided by third parties shall be booked on the basis of invoices or supporting documents during the period relating to the event giving rise to the expenditure. Depreciation expense will be booked for each month of use of these assets based on property depreciation schedules.

Expenditure relating to grants, sponsorships and donations made will be recognized in the period in which the assets with which the



Accounting Policies

grant/sponsorship/donation was made are out of administration. These expenses are made within the limits provided for by the legislation in force as regards their deductibility in the calculation of the corporate income tax.

Accounting result - tax result

At the end of each period (month, etc.), the income and expenditure account balances are taken over by the profit and loss account. The gross accounting result is adjusted by non-taxable expenses, tax-deductible expenses and non-taxable income to determine the tax result. The tax facilities enjoyed by companies are valued and booked in accordance with the legal provisions in force during the reporting period.

Taxation

Companies book either the current income tax based on the gross profit in the financial statements, according to Law No. 227/2015 on the Tax Code, as amended and supplemented, or the income tax in the case of micro-enterprises.

ACCOUNTING POLICIES RELATED TO SPECIFIC SITUATIONS

Contingent assets

Contingent assets are usually generated by unplanned or unexpected events that may generate inflows of economic benefit to the company. Contingent assets are not recognized in the financial statements because they are not certain and their recognition could result in revenue that is never realized.

Contingent assets are assessed on an ongoing basis to ensure that changes that have occurred are appropriately shown in the financial statements. Thus, if the inflow of economic benefits becomes certain, the asset and the corresponding income will be recognized in the financial statements for the period in which the changes occurred. Otherwise, it will continue to be shown as a contingent asset.

Contingent liabilities

A contingent liability is:

a) a contingent obligation that arises as a result of past events before the

balance sheet date and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

or b) a present obligation that arises from past events before the balance sheet date but is not recognized because it is uncertain whether an outflow of resources will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are assessed on an ongoing basis to determine whether an outflow of resources embodying economic benefits has become probable. If an outflow of resources is considered necessary arising from an item previously considered contingent liability, a liability or provision shall be recognized, as appropriate, in the financial statements for the period in which the change in classification of the event occurred.

Events after the balance sheet date

Events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date on which the annual financial statements are authorized for issue. Subsequent events that provide additional information to that existing at the balance sheet date in relation to the company's balance sheet or that have negative implications for going concern and that result in income or expenses having to be recognized in the accounts in order to present a true and fair view are shown in the financial statements.

Changes to the Accounting Policies

Changes to the accounting policies will only be made if required by law or if they result in more relevant or reliable information about the company's operations. In the event of a change in accounting policy, so that users can assess whether the new policy has been appropriately chosen, the effect of the change on the reported results for the period and the actual trend in the company's business results will be presented accordingly.



MANAGEMENT STATEMENT

Alba-Iulia, 27 December 2022

Based on the best information available, we confirm that the audited condensed consolidated and separate financial statements prepared for the twelve-month period ended 31 December 2022 give a true and fair view of the assets, liabilities, financial position and income and expenditure position of DN AGRAR GROUP SA as required by applicable accounting standards, and that the Management Report gives a true and fair view of the significant events that occurred in the financial year 2022 and their impact on the condensed consolidated and separate interim financial statements.

Jan Gijsbertus de Boer

Chairman of the Board of Directors of DN AGRAR GROUP S.A.

CONTACT

Website: www.dn-agrar.eu

On DN AGRAR’s website you can find recent and archived press releases, financial reports, annual reports, presentations, financial calendar and other relevant shareholder information.

Visit our page and subscribe to our newsletter to keep up to date with our work.



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See you in **2023**