



**GRUP SERBAN**

**GRUP ȘERBAN HOLDING**

**Administrators' Report**

- consolidated -

As of 31.12.2024

## 1. Introduction

I, **Şerban Lucian Nicolae**, in my capacity as **Chairman of the Board of Directors** of **GRUP ŞERBAN HOLDING S.A.**, a company established under **Law No. 31/1990**, registered with the **Trade Register** under No. **J2018001556046**, after analyzing the activity of **Grup Şerban Holding S.A.** to assess the entity's performance, financial position, and development, hereby present a summary of the **Administrators' Report** for the **financial year 01.01.2024 – 31.12.2024**.

The management of the company is ensured by the **Board of Directors**. The members of the Board of Directors are as follows:

- **Şerban Lucian Nicolae** – Chairman of the Board of Directors, with a **4-year** mandate starting from **26.11.2021**;
- **Şerban Irina-Mihaela** – with a mandate of **1 year, 9 months, and 18 days**, starting from **08.02.2024**;
- **Barna Oana Theodora** – with a mandate of **11 months and 20 days**, starting from **06.12.2024**.

## 2. Company Information

Name	GRUP ŞERBAN HOLDING S.A.
Legal Form	Joint-Stock Company
Duration of Operation	Indefinite
Registered Office	Sat Filipești, Comuna Bogdănești, Str. Principală Nr. 25, Bacău County, Romania
ONRC Registration Number (Bucharest)	ONRC Registration Number (Bucharest): J2018001556046
Unique Registration Code	Unique Registration Code: RO 40006886
Share Capital	Share Capital: 180,089,656 RON
Main Activity Code (CAEN)	Main Activity Code (CAEN): CAEN 6420 – Activities of Holding Companies
Phone	Phone: +40 234 322 165
Fax	Fax: +40 234 322 165
Email	Email: office@grup-serban.ro
Website	Website: <a href="https://grup-serban.ro/">https://grup-serban.ro/</a>
LEI Code	LEI Code: 787200434XQX1SG0HK23

## 3. Company and Group Description

Grup Şerban Holding was established on October 16, 2018, as a limited liability company, and later transformed into a joint-stock company on December 5, 2019, obtaining the ONRC resolution on December 16, 2019. The creation of this company was driven by the need to have a parent company to control the other companies with distinct activities that are part of the Şerban group of companies, considering the plans for accelerated growth. These include:

- **INTERAGROALIMENT S.R.L. (IAA)**, established in 1994, registered with the Trade Registry under no. J1994000850044, CUI RO5845723;
- **FERMA AVICOLĂ ŞERBAN S.R.L. (FAS)**, renamed in 2008, initially established in 2000 under the name Rom Trading Product S.R.L., registered with the Trade Registry under no. J2008001787041, CUI RO12977123;
- **FABRICA DE PÂINE ŞERBAN S.R.L. (FPS)**, established in 2008, registered with the Trade Registry under no.

J04/1211/2008, CUI RO24124510;

- **ȘERBAN DISTRIBUȚIE S.R.L. (SD)**, established in 2005, registered with the Trade Registry under no. J2005001965046, CUI RO18096106;
- **FYN INVEST DANMARK S.R.L. (FYN)**, acquired by GSH in 2023, registered with the Trade Registry under no. J2023000988040, CUI RO21200907;
- **LUMA LAND S.R.L. (LML)**, established in 2022, registered with the Trade Registry under no. J2022002063045, CUI RO;
- **MOLDAVIA FARMS (MF)**, established in 2022, registered with the Trade Registry under no. J2022001618040, CUI RO46816652;
- **COOPERATIVA CAMPURI AURII (CCA)**, established in 2020, registered with the Trade Registry under no. C2020000003048, CUI RO34480418.

Grup Șerban is a Romanian-owned business group, currently in full expansion, that began its activity in Onești in 1994. The structure of the group is integrated and includes the following fields of activity: agriculture, vegetable cultivation, cattle and sheep farming for meat production, rental of production halls for poultry farming, trade in cereals, oilseeds, and vegetables, baking, pastry and confectionery, public food services (own chain of stores – Băcăniile Șerban, LuMa pastry shop), distribution, and transportation.

In order to continue consolidating and developing the business sustainably, we have focused all our actions on the main goal of generating added value consistently and sustainably over the long term. The key elements of our activity that have decisively contributed to these results include the ongoing implementation of regenerative agricultural principles and innovative technologies, the transition to high-value-added crops, strong partnerships with global retailers, traders, and processors, diversification of integrated business lines in the spirit of the circular economy, substantial investments from own and non-repayable funds in irrigation, storage capacities, vegetable processing capacities, digital technology, the company's management team, and an organizational culture focused on performance.

#### **VISION – OBJECTIVE**

**The vision of Grup Șerban Holding** is based on adopting a holistic, integrated, and synergistic approach to managing the main resources exploited, with the aim of maximizing the value created. In any context, EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) is the primary indicator used to assess our performance, analyzed both at the group level and at the level of each business line, thereby strengthening our competitive position. Our main area of activity, in terms of its contribution to the group's gross operational margin value, is agriculture, encompassing both large-scale crops and vegetable production.

**The Group's main objective** is achieved by processing as many stages of agricultural production as possible, both primary and secondary products, with the shortest supply chain possible, in the spirit of the circular economy, and maintaining within the group a higher percentage of margin related to the value chain, from crop establishment to

the final customer. The group aims not to immediately capitalize on the harvest but to process, store, and add superior value through products with higher added value, increasing competitiveness.

To develop a resilient and competitive business, the Group is in a continuous transformation by developing new projects and adapting existing business lines to mitigate current market risks and capitalize on emerging opportunities. These projects target business areas with growth potential, where there is a national production capacity deficit. To implement these projects, GSH is firmly committed to complying with quality standards and producing in the most sustainable and efficient manner, in the spirit of the circular economy and generating consistent, continuous, and sustainable added value.

Our goal is to be a significant and renowned player at the national level, a model in best practices and innovation in our field.

**Operational excellence** is based on standardization and efficiency. This means products as standardized as possible, obtained through simple, optimized, and integrated processes. Operational excellence is supported by competent personnel, capable of optimally exploiting state-of-the-art equipment and technologies specific to regenerative agriculture and precision irrigation.

Grup Şerban Holding (GSH) was founded in 2018 with the purpose of incorporating the activities of the other companies in the group that were already in existence. Thus, the consolidation of activities, including financial statements, began in 2019. Prior to this, activity consolidation was carried out through the company Interagroalim SRL. Grup Şerban Holding is both the parent company under OMF no. 1802/2014, as well as the declarant entity for the fiscal group formed for profit tax purposes, starting with the declaration year 2022, benefiting from the advantages provided by legislation regarding holdings and fiscal consolidation.

#### **Main Activities of the Companies within the Group:**

##### **I. INTERAGROALIMENT SRL**

**Main Activity Area:** According to CAEN code: 0150 – Activities in mixed farms (crop farming combined with animal husbandry).

The main activities carried out by Interagroalim include the cultivation and marketing of cereals, oilseeds, and vegetables. Interagroalim currently operates over 13,000 hectares of arable land, of which 2,500 hectares are irrigated. The irrigated land is primarily intended for vegetable crops and secondarily for large-scale crops (second or first crop in the vegetable crop rotation system). The non-irrigated land is used for large-scale crops in conventional systems and for organic crops.

Additionally, Interagroalim owns and operates a total capacity of over 162,000 tons for the storage of cereals and oilseeds in 10 logistics centers, carrying out operations such as reception, conditioning, storage, and processing annually over 240,000 tons of cereals and oilseeds (in wheat equivalent, GH 77 kg/100 l).

Interagroalimnt operates three plant farms (Bacău, Vaslui, and Sascut), organized in a structure where each farm represents a profit center, focusing on operational efficiency.

Starting in 2023, IAA introduced a new line of business: the breeding of cattle and sheep for meat production. Initially, IAA acquired a cattle breeding farm, with a herd of 370 Angus cattle. Currently, the Sascut cattle farm has a capacity of 1,500 cattle, operated in an open system.

In parallel with the cattle farm, IAA also developed a sheep farm, with two operations – Giurcani and Sascut – having a total capacity of 1,500 Ile de France sheep and an intensive fattening facility in a stable system, with a capacity of 5,600 lambs.

Interagroalimnt operates the largest grain storage facility in Moldova region, located near the A7 and E85 highways (DN2), with access to both rail and road transport, and an authorized silos storage capacity of 42,000 metric tons.

At the time of writing this report, the installation of a photovoltaic panel system with a maximum installed power of 250 kWp is underway, financed through non-repayable funds. This system will contribute to optimizing operating costs and reducing the carbon footprint generated by the silo operation, in accordance with the Group's commitment to environmental protection and the sustainable development of its business.

Regarding intellectual property rights, Interagroalimnt holds the following registered trademarks with OSIM: Ferma Avicolă Șerban and Moara Șerban.

## **II. FERMA AVICOLA SERBAN SRL**

**Main Activity Area:** According to CAEN code: 0150 – Activities in mixed farms (crop farming combined with animal husbandry).

Șerban Poultry Farm owns 5 poultry farms for broiler production, located in 3 locations (Simila, Tătarăști, Parincea), with a total capacity of 880,000 heads per batch. Additionally, to increase the level of production integration, the company owns and operates a combined feed production facility (FNC Simila) with a capacity of 7 tons per hour of finished product, using raw materials from the Group's own production.

Considering the opportunity to achieve long-term sustainable profits and minimize production risks, Șerban Poultry Farm, starting in 2023, leased its poultry farms for broiler production to a local partner on a long-term basis. The combined feed production activity continues within FNC, with the resulting production being sold both to the Group's livestock farms and to other third parties.

## **III. FABRICA DE PAINE SERBAN SRL**

**Main Activity Area:** CAEN 1071 – Bread manufacturing; manufacturing of cakes and fresh pastry products.

Şerban Bakery Factory operates six stores in the municipality of Oneşti under the "Băcănia Şerban" brand and a confectionery under the "LuMa" brand, being the first local network in the area. Additionally, Şerban Bakery Factory owns a bakery and a confectionery laboratory. The bakery products produced are available both in the company's own stores and in supermarkets across the country, under the company's own brand – Granero Şerban, a brand launched in 1994 and rebranded in 2019. Şerban Bakery Factory is a consistent supplier for retail networks operated by Lidl, Profi Rom Food, Rewe, Kaufland, Carrefour, Auchan, Cora, Mega Image, and Supeco, managing to sell around 20 tons of bakery and confectionery products daily.

#### **IV. SERBAN DISTRIBUTIE SRL**

**Main Activity Area:** CAEN 4941 – Road freight transport.

Şerban Distribution provides transport services for raw materials and cereals, as well as agricultural work for the companies within the Group, in addition to acquiring agricultural inputs. The company has the necessary technical and material resources to carry out these activities.

#### **V. FYN INVEST DANMARK SRL**

**Main Activity Area:** CAEN 0111 – Cereal cultivation.

The company's portfolio includes approximately 800 hectares of arable land, of which about 150 hectares are owned, as well as a storage warehouse.

#### **VI. LUMA LAND SRL**

**Main Activity Area:** According to CAEN classification: 0150 - Activities in mixed farms (crop production combined with animal husbandry).

#### **VII. MOLDAVIA FARMS SRL**

**Main Activity Area:** According to CAEN classification: 0150 - Activities in mixed farms (crop production combined with animal husbandry).

The company has in its portfolio a laying hen farm, a project currently under construction that will become operational in Q3 2025.

This project includes the construction of 8 barns, each with a capacity of 20,000 laying hens. Additionally, 2 more barns will be built, each with the capacity for 20,000 chicks to replace the laying hens. The total capacity will be 160,000 laying hens and 40,000 chicks, resulting in an annual production capacity of approximately 50 million eggs.

Besides the administrative facilities of the farm, the project also includes the construction of a space dedicated to sorting and packaging eggs, as well as a cold storage warehouse capable of holding up to 5 million eggs.

**Shareholdings** in the companies within the group:

As of December 31, 2023, Grup Şerban Holding S.A. held the following shares:

- **Interagroaliment SRL (IAA)** – 100% ownership by Grup Șerban Holding S.A.
- **Ferma Avicolă Șerban SRL (FAS)** – 100% ownership by Grup Șerban Holding S.A.
- **Fabrica de Pâine Șerban SRL (FPS)** – 100% ownership by Grup Șerban Holding S.A.
- **Șerban Distribuție SRL (SD)** – 100% ownership by Grup Șerban Holding S.A.
- **Fyn Invest Danmark SRL (FYN)** – 100% ownership by Grup Șerban Holding S.A.
- **Luma Land SRL (LML)** – 100% ownership by Grup Șerban Holding S.A.
- **Moldavia Farms SRL (MF)** – 45% ownership by companies within Grup Șerban Holding S.A.
- **Cooperativa Agricola Campuri Aurii SRL (CCA)** – 42.87% ownership by companies within Grup Șerban Holding S.A.

Company	Adress	CUI	Capital RON
FERMA AVICOLA SERBAN SRL	Filipești, com Bogdanesti, jud. Bacau	12977123	47.373.670
FABRICA DE PAINE SERBAN SRL	Filipești, com Bogdanesti, jud. Bacau	24124510	12.945.000
SERBAN DISTRIBUTIE SRL	Filipești, com Bogdanesti, jud. Bacau	18096106	8.354.330
INTERAGROALIMENT SRL	Sascut, jud. Bacau	5845723	49.784.330
FYN INVEST DANMARK SRL	Filipești, com Bogdanesti, jud. Bacau	21200907	864.000
LUMA LAND SRL	Filipești, com Bogdanesti, jud. Bacau	47236734	3.928.200

#### 4. Financial Position and Elements of Consolidated Financial Performance as of 31.12.2024

EUR

31-Dec-23

31-Dec-24

Balance Sheet Indicators	audited consolidated	audited consolidated	%Δ YoY
Non-current assets, of which:	86.967.741	93.471.710	7%
Intangible assets	26.108.238	26.236.761	0%
Tangible assets	60.958.593	66.924.277	10%
Financial assets	-99.090	310.672	-413%
Current assets, of which:	75.490.663	72.683.717	-4%
Inventory	32.904.848	37.037.486	13%
Receivables	38.166.578	33.930.107	-11%
Short-term investments	0	0	
Cash and bank accounts	4.419.237	1.716.124	-61%
Prepaid expenses	624.469	1.274.668	104%
Total assets	163.082.873	167.430.095	3%
Current liabilities	69.342.297	66.868.282	-4%
Long-term liabilities	25.870.919	23.198.420	-10%
Total liabilities	95.213.216	90.066.702	-5%
Provisions	0	0	
Deferred income	1.179.947	1.479.302	25%
Equity, of which:	66.689.709	75.884.090	14%
Subscribed and paid-up capital	36.201.837	36.205.476	0%
Capital premiums	1.345.064	1.345.199	0%
Reserves	22.462.918	28.323.417	26%
Retained earnings or loss	6.498.902	7.367.673	13%
Profit or loss for the financial year	1.032.122	2.884.762	179%
Profit distribution	851.134	242.436	-72%
Total equity and liabilities	163.082.873	167.430.094	3%

### **Fixed Assets**

At the consolidated level, the majority of fixed assets consist of tangible fixed assets, amounting to 66.924.277 EUR. Out of the total increase in the value of tangible fixed assets in 2024 compared to 2023, which amounts to 5.965.684 EUR, 5.615.050 EUR comes from the revaluation of the land category. In 2024, the company invested 5.327.597 EUR in fixed assets.

### **Current Assets**

At the end of 2024, at the consolidated level, the majority of the company's current assets consisted of inventories and receivables, totaling 72.683.717 EUR. Of the total inventory value, 58% represents merchandise stock, while 27% corresponds to work-in-progress production. Out of the total receivables, 39% are receivables from affiliated entities.

### **Liabilities**

At the end of 2024, at the consolidated level, the company's total liabilities amounted to 90.066.702 EUR. Of this total, 83% consists of bank loans and leasing obligations.

### **Equity**

As of December 31, 2024, at the consolidated level, the total equity (net asset value) amounted to 78.884.090 EUR. Equity increased by 14% compared to 2023, with 39% of the growth driven by the current year's result and 61% by revaluation differences in land.

### **Operating Revenues**

At the consolidated level, operating revenues in 2024 amounted to 126.823.807 EUR.

- Turnover represents the largest share, accounting for 95% of total operating revenues, followed by subsidy revenues (3%) and revenues from asset disposals (2%).
- Grain sales continue to hold the largest share of turnover at 73%, followed by revenues from own production (agriculture and bakery) at 27%.
- Revenues from own production sales increased by 15% compared to the previous year, as the group expanded its cultivated land from 12,000 ha to 15,600 ha.
- Merchandise sales revenues (including commercial discounts) remained almost unchanged from the previous year, but their composition shifted:
  - Increased sales of vegetables and other goods
  - Decreased sales of cereals

EUR		31-Dec-23	31-Dec-24	
Profit and Loss Statement Indicators		audited	audited	%Δ YoY
		consolidated	consolidated	
<b>Operating Revenues, including:</b>		<b>130.748.540</b>	<b>126.823.807</b>	<b>-3%</b>
Turnover, including:		115.967.848	120.612.891	4%
Sold Production		27.923.981	32.048.274	15%
Revenue from Goods Sold		88.209.282	90.613.993	3%
Commercial Discounts Granted		-167.003	-2.053.621	1130%
Revenue from Operating Subsidies Related to Net Turnover (ct. 7411)		1.587	4.246	167%
Revenue from the Cost of Work in Progress		11.076.033	-349.617	-103%
Revenue from the Production of Intangible and Tangible Fixed Assets		1.993	0	-100%
Revenue from Operating Subsidies		2.435.572	3.792.622	56%
Other Operating Revenues		1.267.094	2.767.911	118%
<b>Operating Expenses, including:</b>		<b>125.016.025</b>	<b>118.331.148</b>	<b>-5%</b>
Expenses with Raw Materials and Materials		12.286.032	10.613.984	-14%
Other Material Expenses		57.859	701.649	1113%
Expenses with Energy and Water		912.482	1.079.534	18%
Expenses Related to Goods		94.111.120	88.098.597	-6%
Commercial Discounts Received		-216.450	-1.743.597	706%
Personnel Expenses		1.785.275	4.521.745	153%
Depreciation and Value Adjustments on Tangible and Intangible Fixed Assets		4.678.060	4.983.740	7%
Value Adjustments on Current Assets		210.067	-31	-100%
Other Operating Expenses		11.191.581	10.075.526	-10%
Adjustments Related to Provisions		0	0	
<b>Operating Result</b>		<b>5.732.515</b>	<b>8.492.659</b>	<b>48%</b>
Financial Revenues		261.483	291.578	12%
<b>Financial Expenses, including:</b>		<b>4.875.748</b>	<b>4.715.768</b>	<b>-3%</b>
Interest Expenses		4.204.551	4.477.324	6%
<b>Financial Result</b>		<b>-4.614.265</b>	<b>-4.424.190</b>	<b>-4%</b>
Total Revenues		131.010.023	127.115.385	-3%
Total Expenses		129.891.773	123.046.916	-5%
<b>Gross Result</b>		<b>1.118.250</b>	<b>4.068.469</b>	<b>264%</b>
Profit Tax/Other Taxes		86.227	1.183.708	1273%
<b>Net Result</b>		<b>1.032.023</b>	<b>2.884.761</b>	<b>180%</b>
Net Margin		0,9%	2,4%	169%

## Operating Expenses

In 2024, operating expenses amounted to 118.331.148 EUR, resulting in an operating profit of 8.492.659 EUR at year-end.

- **Operating expenses** decreased by 5% compared to 2023, mainly due to **lower costs for merchandise and raw materials**.

- **Personnel expenses** increased **significantly** compared to **2023**. This was due to the **transfer of most of the group's personnel** to one of the group's companies starting in **2024**.

Indicators (EUR)	31-Dec-23	31-Dec-24	Evolution (%)
	consolidated	consolidated	
EBITDA (Bank Model)*	10.909.303	13.629.798	24,94%
EBITDA Margin (%)	9,41%	11,30%	20,13%
Interest Expense Coverage by EBITDA	x0,52	x0,61	14,75%
Debt Ratio (Bank Debt / EBITDA)	x31,08	x27,25	-14,06%
Net Profit Margin (Net Profit / Turnover)	4,43%	11,90%	168,71%
Inventory Turnover Duration (Days)	26	28	8,22%
Return on Assets (ROA)	0,64%	1,74%	173,28%
Return on Capital Employed (ROCE)	1,21%	4,11%	239,81%
Return on Equity (ROE)	1,55%	3,80%	145,63%
Total Asset Turnover	0,71	0,73	1,69%

Overall, the company's financial indicators showed a positive evolution compared to **2023**, a year that was atypical and challenging for most players in the agricultural sector. **2024** marked a recovery, even though challenges persisted, especially those arising from the impact of climate change on productivity. Nevertheless, the company's performance remained within its historical growth margins.

## 5. Development Projects within the Companies of Grup Şerban Holding S.A.

The development projects within GSH are aligned both with the specific development needs of the companies within the Group and with the interoperability between these companies, in accordance with the Group's Vision, which is based on adopting a holistic, integrated, and synergistic approach in managing the main resources exploited, with the aim of maximizing the value added.

### I. Irrigation Systems Development Projects

Considering the potential market for vegetables produced by the Group, both for the third-party industrial processing sector, for IKA retailer chains, as well as for the Group's own frozen French fries factory project, the Group has identified the need to develop irrigation systems, which are absolutely necessary in order to achieve a reasonably economically viable vegetable production. The Group has decided to develop irrigation systems both in the Siret Meadow and in the Trotuş Meadow, with a capacity of 2,500 hectares.

In 2025–2026, the Group aims to develop its irrigation systems to reach a capacity of irrigating 3,000 hectares. As part of this accelerated development plan, considering the capital intensity required, the company will use 20-30% of the funds raised through the capital increase to support these investments.

On the irrigated areas, the Group will predominantly cultivate vegetable crops (potatoes, onions, other vegetables), in rotation with cereals, according to specific technological guidelines (rotation every 4 years or 3 years). The irrigation system under development will use modern technologies involving precision irrigation and fertigation – technologies that not only improve the efficiency of water resources but also maximize profit by

ensuring the exact distribution of both water and specific crop treatment inputs. The optimization of resource use will lead to a reduction in operational costs, contributing to an increase in EBITDA over the next 5 years.

## **II. Continuing the Development of Regenerative Agriculture**

In 2024, the majority of the Group's land that did not benefit from the advantages of irrigation systems was cultivated using no-till, minimum till, and cover crop technologies – specific techniques of regenerative agriculture. These methods not only optimized costs but also increased the Group's contribution to environmental preservation through carbon capture.

The no-till technology brings the following advantages:

- Reduces diesel costs and working time;
- Increases production by up to 10% after conversion of the surfaces, with a long-term cumulative effect;
- Preserves soil fertility, contributing to its regeneration;
- Increases organic matter in the soil;
- Conserves water in the soil.

During the 2023–2024 agricultural year, the Group successfully cultivated 13,000 hectares using the no-till system, with a defined crop rotation plan. This will allow for the gradual increase of large-scale cultivation areas with no plowing, reducing the cost of chemical fertilizers, improving soil quality, increasing operational revenues, and reducing operating expenses, all of which positively impact EBITDA growth.

The synergies within the Group, which regenerative agriculture benefits from, are also demonstrated by the expansion of poultry farms. This growth will result from the completion of the laying hen farm project at Moldavia Farms, scheduled for Q3 2025. The operation of this farm will generate additional organic matter, which, through composting, will transform into organic fertilizers, contributing to soil quality enhancement.

In response to the need to address climate change without affecting the Group's ability to consistently generate long-term value, the decision was made, starting in 2025, to cultivate alfalfa using organic no-till technology on the lands in Vaslui County, which are often affected by a lack of rainfall.

The first stage in the development of organic alfalfa cultivation will be implemented on 2,400 hectares. The resulting product will be used both in the Group's own livestock farms and within an ecosystem created together with the local network of sheep breeders. This ecosystem will provide the Group with a market for alfalfa with a limited carbon footprint (due to the short transportation distances), as well as a market for purchasing lambs for fattening at the Group's Giurcani farm, operating under a confined system.

## **III. Development of Vegetable Storage, Conditioning, and Packaging Capacities**

Currently, the Group has a total storage capacity of 162,000 tons, designated for cereals, oilseeds, and vegetables. Of this capacity, 6,500 tons are allocated for vegetable storage in controlled temperature and humidity conditions,

using a box-pallet system at the IAA Orbeni (5,000 tons) and Baza Căiuți (1,500 tons) locations. These conditions are ensured by high-performance conditioning systems from Gaugele.

Given the expansion of irrigated areas and, consequently, the increase in the Group's own vegetable production, as well as the potential to provide long-term controlled-environment storage services—which are increasingly in demand in the domestic market—the Group has decided to implement a new controlled-environment storage project with a total capacity of 15,000 tons. The project involves the construction of three warehouses, each with a capacity of 5,000 tons, in a box-pallet system.

The project is being implemented through the affiliated company Cooperativa Câmpuri Aurii, and its commissioning is estimated for the second quarter of 2025. The total estimated investment value is 4 million euros, of which 1.5 million euros is non-reimbursable funding obtained through an AFIR grant.

Within the Fabrica de Pâine Șerban company, the vegetable conditioning and packaging project is being carried out, involving the construction of a logistics warehouse with controlled temperature and humidity. This facility will house a conditioning and packaging line with a capacity of 25 tons/hour, equipped with a high-tech Downs optical sorter and a high-capacity robotic palletizer. The project is scheduled for commissioning in the second quarter of 2025, with an estimated investment of 3 million euros, of which 1.2 million euros come from an AFIR grant.

Given the Group's commitment to environmental preservation and reducing its carbon footprint, the logistics warehouse will be equipped with a solar panel system mounted on the roof, which will provide a maximum installed power of 250 KWp.

The development of the new controlled-environment storage capacities will result in a cumulative potential of 50,000 tons for vegetable storage, with facilities located near the A7 highway, between the Răcăciuni and Adjud junctions—positioning Șerban Holding Group in a competitive position in the market, considering:

- The limited controlled-environment storage capacities for vegetables in the North-East region;
- The ability to store the Group's entire vegetable production for sale under favorable conditions;
- The opportunity to provide integrated services for sales, own production, and long-term storage for both industrial processors (PepsiCo, Via Agro) and IKA retailers (Lidl, Profi, Kaufland).

#### **IV. Development of Potato Processing and Conditioning Capacities**

Considering the high demand for frozen French fries in the IKA market, the lack of local production capacities in Romania (with the first factory in the sector only becoming operational in October 2024), as well as the Group's primary objective of generating consistent and sustainable added value in the long term by carrying out as many steps as possible in the agricultural production processing—through the shortest supply chain possible, in the spirit of circular economy, and retaining within the group a higher percentage of the margin—the company **Interagroalim** applied on December 24, 2023, for funding through the state aid scheme "Investalim" for the project: "Construction of a factory for potato processing and conditioning."

The greenfield project involves the development of a factory with a maximum capacity of 47,500 tons of frozen French fries and 10,000 tons of potato flakes/hash browns. The project was selected in October 2024 for the signing of the financing agreement with **AFIR**, with a total investment value of 47.2 million euros, of which 28.3 million euros are non-reimbursable grants.

As of the preparation of this report, offer analyses for the engineering study are underway, as well as negotiations with potential strategic investors with global experience in the production and commercialization of frozen French fries.

## **V. Development of Egg Production Capacities**

Considering the high demand for eggs, both on the national IKA market and globally, the know-how developed within the Group during the period when **Şerban Poultry Farm** produced 880,000 broiler chickens per batch, as well as the ability to produce feed for laying hens at the **FNC Şimila** facility, using raw materials produced by the Group's companies, the decision was made to develop an egg production project within the affiliated company **Moldavia Farms**.

In 2023, the implementation of the **Orbeni Laying Hens Farm** project began, with an estimated value of 11.5 million euros, of which 7.4 million euros are a MADR grant.

The project will be operational in the third quarter of 2025 and will consist of:

- 8 production halls, each with a capacity of 20,000 laying hens;
- 2 halls for replacement pullets, with a capacity of 20,000 pullets per hall.

The total capacity of the project will be 160,000 laying hens and 40,000 pullets, resulting in an estimated production capacity of approximately 50 million eggs annually.

In a secondary phase of the project, after identifying the financing source, the installation of a photovoltaic panel system mounted on the halls with a capacity of 600 KW will be planned, intended for self-consumption. In this way, the Group strengthens its environmental preservation policy and reduces its carbon footprint in its operations.

In addition to the farm's administrative facilities, the project includes the construction of:

- A dedicated space for sorting and packaging the eggs;
- A cold storage warehouse, capable of storing up to 5 million eggs.

As of the preparation of this report, the first batches of day-old chicks for growing the replacement pullets are being contracted. The genetic material will be sourced from a major global producer.

## **VI. Acquisition of a New Bakery Line and Launch of New In-House Bakery Products**

The Group, through **Fabrica de Pâine Şerban SRL** (FPS), has the following medium- and long-term development directions in mind:

- **Acquisition of a new bakery line**, through accessing a non-reimbursable funds program, to increase production capacity;
- **Entering the national market with three new bakery products** under the **Granero Șerban** brand, and expanding the distribution of the “Pâinea Răzeșilor” bread nationwide (beyond the retail stores where it is already present). The targeted products are bread specialties developed based on recipes that incorporate high-quality ingredients with superior nutritional value into traditional bakery products;
- **Expanding the delivery of confectionery products** to major hotel chains in the Moldova region and, subsequently, nationally. Currently, distribution is carried out through its own proximity stores — **Băcănia Șerban**, as well as through partnerships with networks such as Kaufland (in Bacău and Vrancea counties) and **Pambac Bacău**.

## 6. Income and Expense Budget

Consolidated Income and Expense Budget	2025
	budget
<b>CONSOLIDATED</b>	<b>consolidated</b>
<b>Operating Income, of which:</b>	<b>120.464.626</b>
<b>Turnover, of which:</b>	<b>115.529.750</b>
Income from own production	25.517.215
Income from the sale of goods	85.554.935
Income from agricultural services and works	2.000.000
Rental income, of which:	2.457.600
Income related to ongoing production costs	-
Income from the disposal of assets	850.005
Other operating income	-
Operating subsidies	4.084.872
<b>Operating Expenses, of which:</b>	<b>112.972.876</b>
Raw material and material expenses	7.094.316
Fuel expenses	2.328.909
Spare parts and repair expenses	1.187.581
Energy and water expenses	963.584
Goods expenses	82.938.244
Personnel expenses	5.218.323
Rent and lease expenses	2.212.058
Insurance expenses	459.334
Transport expenses	1.652.899
Service expenses	1.599.190
Expenses related to the disposal of assets	1.081.399
Bank commission expenses	625.110
Other operating expenses	360.000
Depreciation expenses	5.251.929
<b>Operating Result</b>	<b>7.491.751</b>
<b>Financial Income</b>	<b>-</b>
<b>Financial Expenses, of which:</b>	<b>3.102.725</b>
Interest expenses	3.102.725
<b>Financial Result</b>	<b>(3.102.725)</b>
Total Income	120.464.626
Total Expenses	116.075.601
<b>Gross Result</b>	<b>4.389.025</b>
EBITDA	13.600.184
EBITDA Margin	-
Profit tax/other taxes	1.155.297
<b>Net Result</b>	<b>3.233.728</b>

## 7. Financial Information and Accounting Compliance

The financial information reported in the financial statements as of December 31, 2024, has been reconciled with the results of the asset inventory at the same date.

The provisions of Article 10 of the Accounting Law no. 82/1991, republished, regarding the organization and correct and up-to-date recording of accounting, have been complied with. The economic-financial operations related to the financial year have been recorded in legal documents, which formed the basis for their entry into the company's accounting records.

During the 2024 financial year, no deviations were found from the accounting principles, methods, and policies used. Furthermore, there were no changes in the accounting policies applied.

## 8. Exceptional Events to Report

No exceptional events have been identified that would significantly affect the Group's operations in 2024.

## 9. Key Risks and Uncertainties

### Market Risk

The Group operates in a market environment characterized by significant price fluctuations, driven by internal and external factors, both specific and general, which influence purchasing power.

Approximately 85% of the Group's revenue comes from the sale of cereals, whose prices are linked to international stock exchanges such as MATIF and CBOT, exposing the Group to a high degree of market price fluctuations.

### Interest Rate Risk

The interest rate risk stems from potential fluctuations in the value of financial instruments due to changes in market interest rates.

The Group has a debt-to-EBITDA ratio of 5.5x, and this risk is continuously monitored. In February 2025, the completion of the syndication process of existing loans (by the end of 2024) resulted in the standardization and fixing of long-term interest rate margins at competitive levels, leaving the primary exposure to the EURIBOR evolution. In case of significant EURIBOR fluctuations, the company is considering implementing hedging instruments.

### Currency Risk

Currency risk exposure arises from debts denominated in foreign currencies, evaluated at the real exchange rate as of the date of the financial statements.

As of 31.12.2024, the Group registered exchange rate differences due to the adjustment of liquidity, receivables, and liabilities in foreign currencies, in line with the exchange rate announced by the National Bank of Romania on the last banking day of the year.

Although the company has foreign currency-denominated loans, this risk is mitigated by the fact that cereal prices are quoted in international currencies (Euro and USD), in accordance with relevant stock exchanges.

**Liquidity Risk**

Failure to collect payments from customers, under normal business conditions, may lead to liquidity risk.

To control this risk, the Group periodically assesses the solvency of customers and debtors, improving procedures for evaluating creditworthiness and recovering debts, including by setting up provisions for uncertain receivables. The company's debt level is an additional liquidity risk factor. However, through the refinancing of loans in February 2025 and their long-term rebalancing, pressure on current liquidity has been significantly reduced.

**Operational Risk**

For a group involved in agribusiness, operational risks are largely related to weather conditions.

Unfavorable climatic variations can significantly affect crop productivity, and in extreme cases, may lead to the loss of significant areas of crops.

To mitigate this risk, the Group adopts:

- careful crop planning (autumn vs. spring, organic crops, vegetables, etc.);
- conservative agricultural practices (minimum till, no-till);
- utilizing the know-how accumulated over more than 25 years of experience;
- crop insurance;
- expanding irrigated areas (currently 2,500 ha, with plans for growth).

**10. Principle of Continuity of Operations**

The management of **Grup Şerban Holding SA** has determined that the financial statements for the fiscal year 2024 should be prepared based on the going concern assumption. There was no need to apply an alternative evaluation method (such as in the case of liquidation or significant reduction in operations).

Date,

31.03.2025

**President of the Board of Directors**

**ŞERBAN LUCIAN NICOLAE**