



Frizon Group

Leader in precision agriculture

Investor presentation

January 2022



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Frizon Group



A leader in precision agriculture



Frizon Group is a leading company in the precision agriculture field.



Bringing together a dynamic and motivated team, a unique synergy of innovation, equipment and know-how, the company is setting new trends in the agriculture.



The sustainable and transparent yearly growth is proving that precision agriculture is one the most proficient investment destinations.



- ✓ Founded in 2013, 100% private Romanian-Dutch ownership
- ✓ Experienced team and innovative approach to agriculture
- ✓ Total landbank: 4,300 ha, out of which: Ownership: 700 ha, Leasehold: 3,600 ha; Irrigated land: 1,100 ha, after an investment of EUR 6mn
- ✓ Main crops: corn, sunflower, soybean, barley, wheat
- ✓ Farm base comprising an administrative office, several warehouses and 48,500 tones storage facilities, with possibility of expansion, is setup on a former sugar factory platform of 23 ha
- ✓ First fully digitalised farm, with an integrated IoT ecosystem made up of all the smart devices that farm equipment includes: processing, sensors, communications hardware
- ✓ State-of-the-art machinery park to maximise performance and digital integration

Frizon Group at a glance





Management Team

Board of Directors

Teofil Dascălu

Chairman, founder of the Group

More than 10 years experience in agriculture, responsible for operations.

Frans Schreiber

Member

Investor and strategic manager of Frizon Group, with experience in investments.

Minne Lettinga

Member

Investor, involved in production and business development, renowned farmer in Frizia, Holland.

Executive Management



Teofil Dascălu

CEO

True visionary, the brain and soul of our endeavour.



Anca Isac

CFO

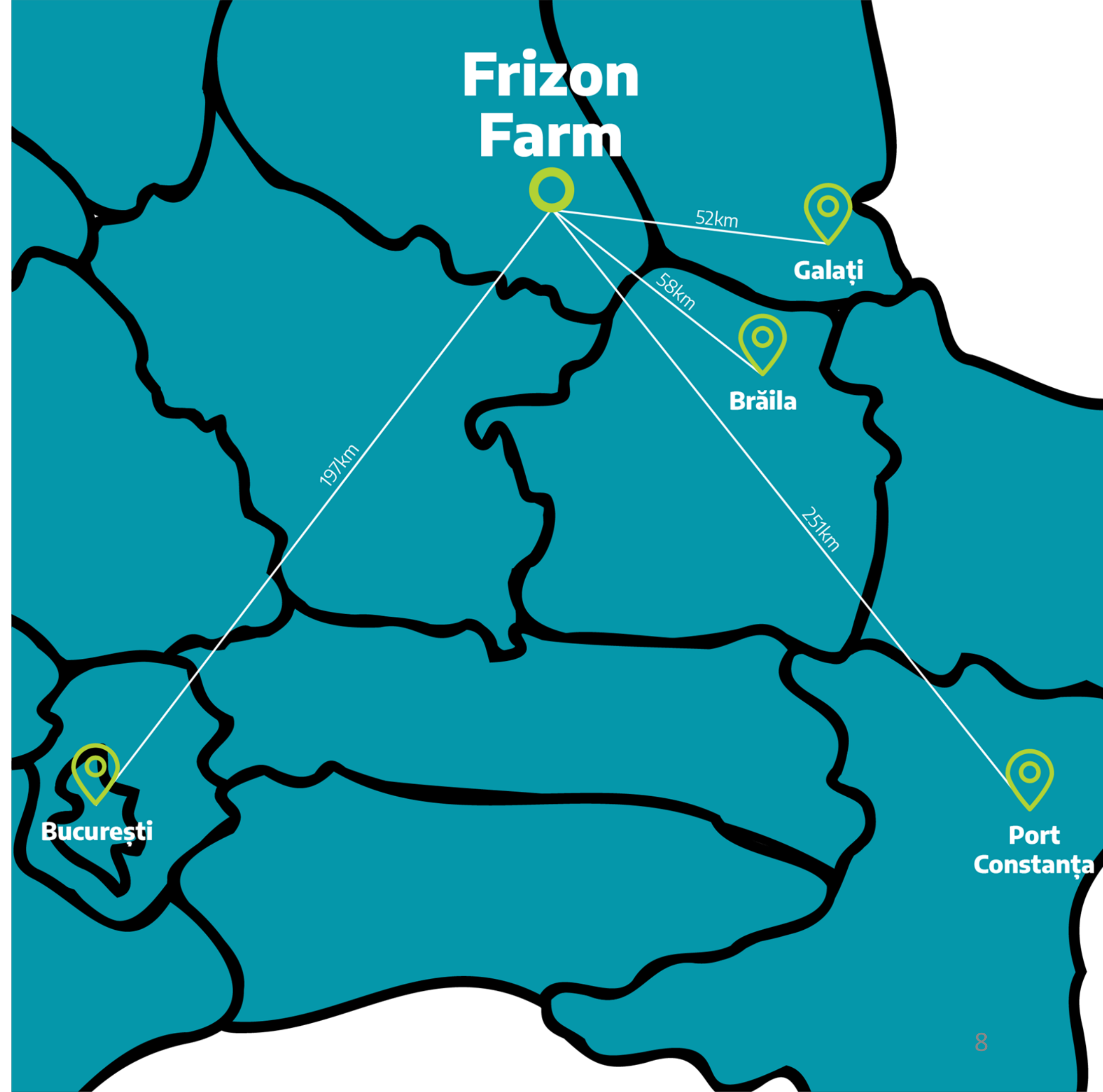
With an outstanding academic record, she has worked as a financial expert for the Chamber of Commerce and Industry Vrancea and has implemented several projects funded by the European Union.



Excellent location

Fully automated grain producer & Romanian leader in precision agriculture:

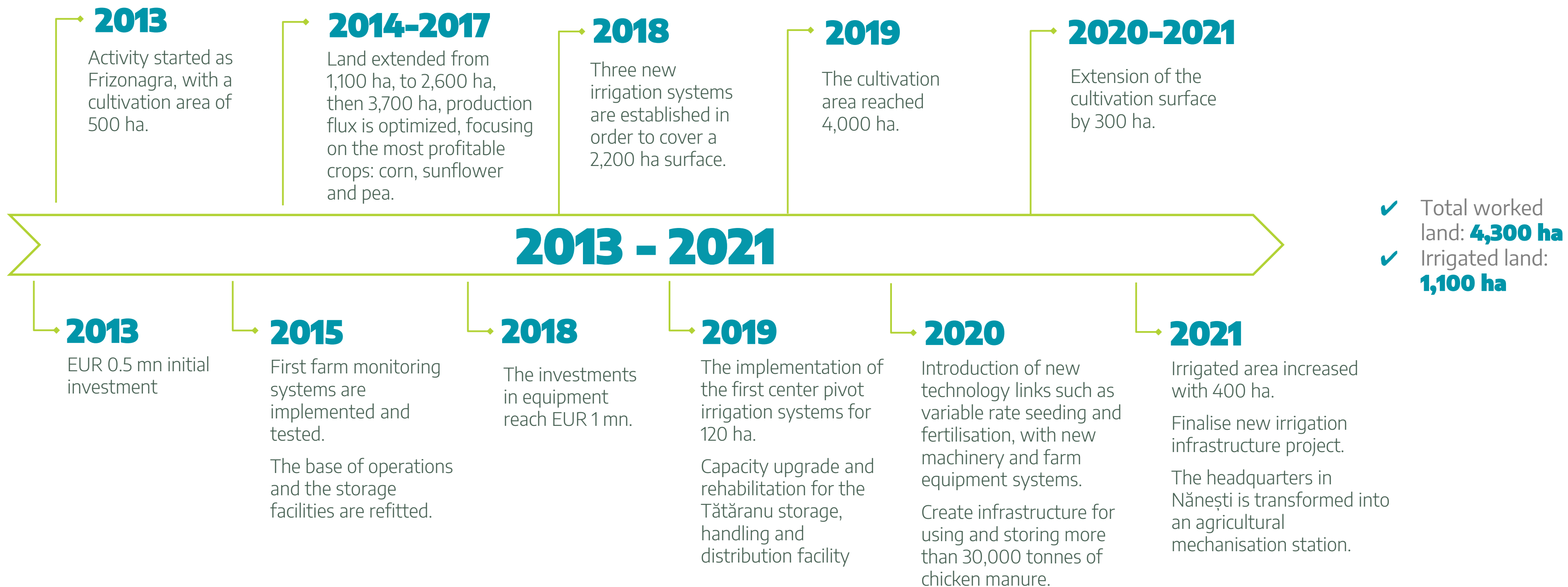
- 4,300 hectares of exploited land, across three production sites in south-east Romania
- Excellent access to international cargo infrastructure (rail)
- 35,000 tonnes annual grain production capacity, complemented by 48,500 tonnes storage capacity
- AI – driven, fully automated agriculture processes, integrating weather, land, technical and financial data points





Growing strong since 2013

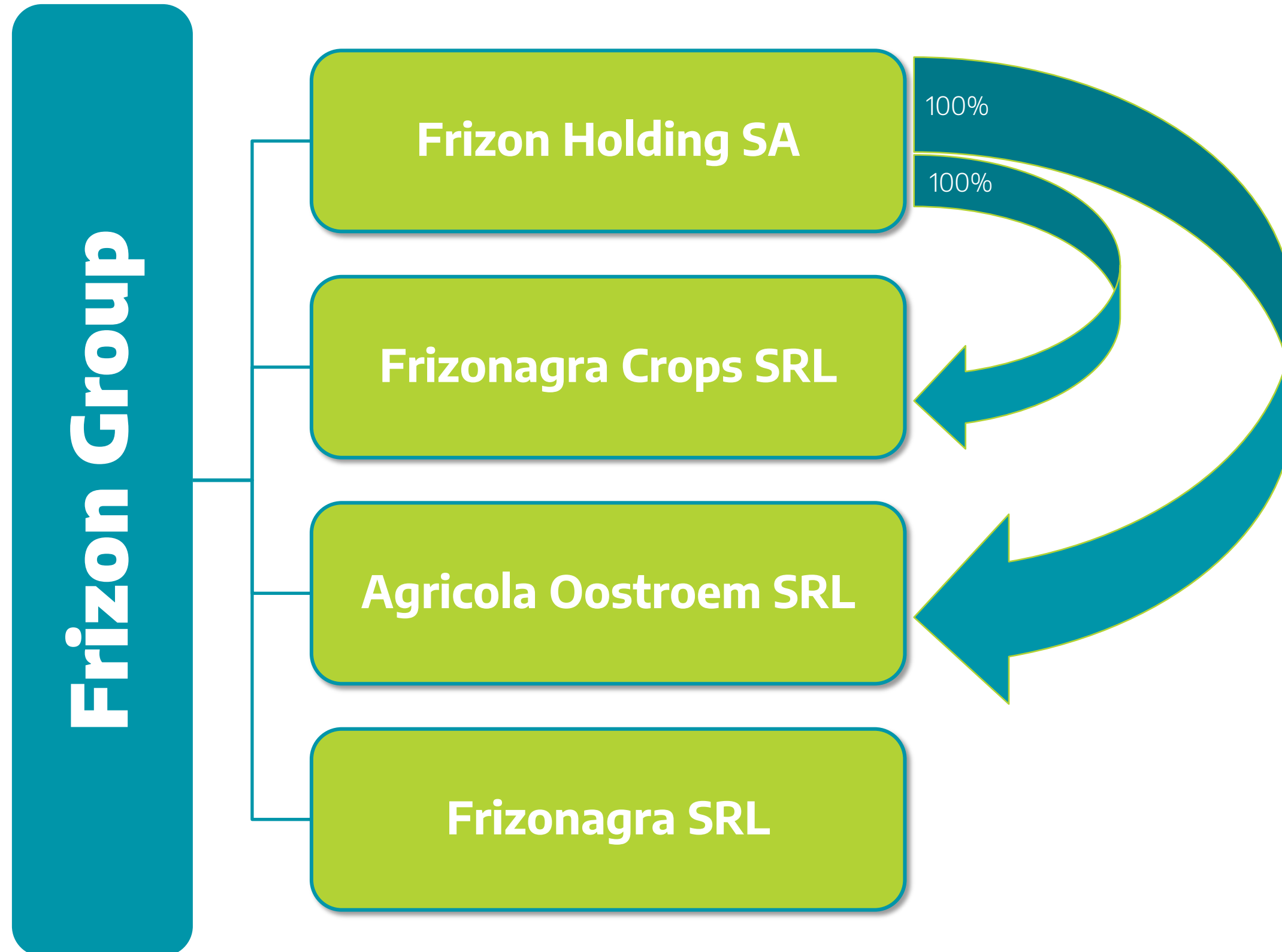
Land



Investments



Group Structure



Frizon Holding SA

*Logistics & storage of cereals, pesticides and fertilizers
landowner farming*

- **Frizonagra Crops SRL**
Farming
- **Agricola Oostroem SRL**
Farming

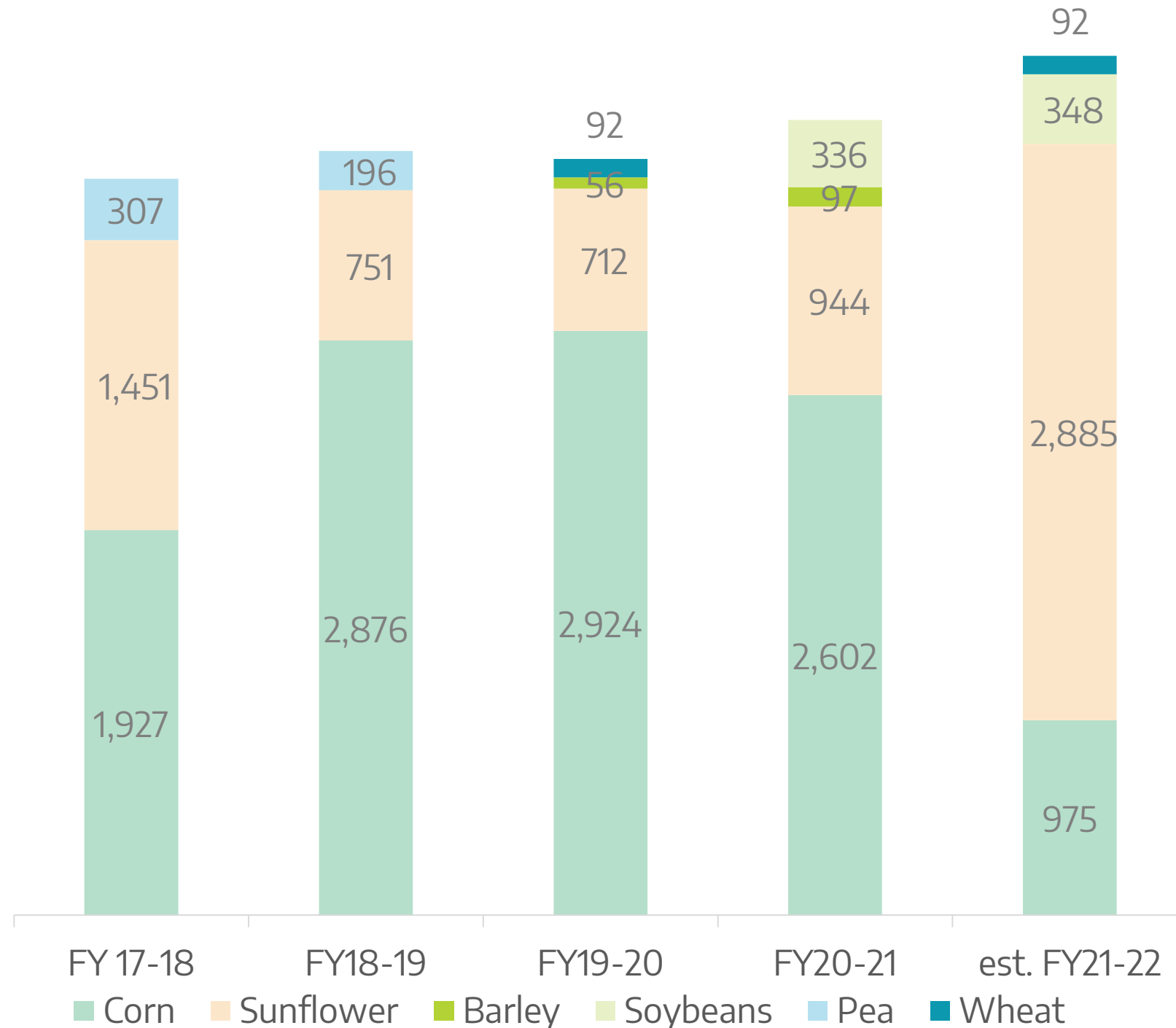
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Machinery and farming



Crops evolution

Production structure (ha)



Rotation is predominant related to corn crop due to the natural environment, shallow groundwater and increased yield of production on this type of soil. The rotation depends on AI scenarios of combined land, weather and other characteristics.

Soybeans production will increase due to increased irrigation in areas and processing plans in order to obtain vegetable protein.

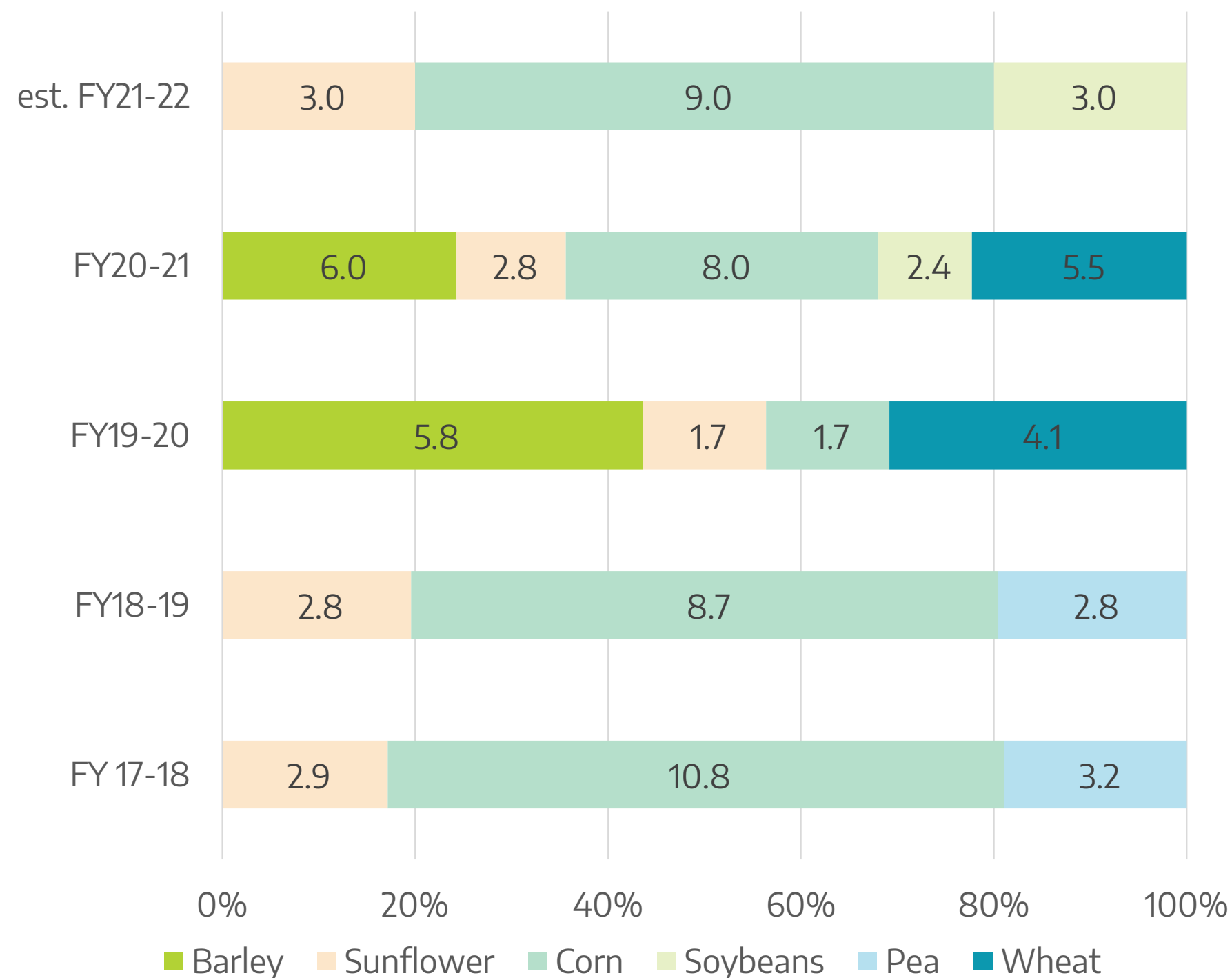
Total production area (ha)

ha	FY 17-18	FY18-19	FY19-20	FY20-21	Est. FY21-22
TOTAL	3,685	3,823	3,784	3,979	4,300



Crops evolution

Production structure (tonnes/hectar)



The main field of activity of the group is agricultural exploitation and production of cereals, oilseeds, as well as storage and delivering cereals and fertilizers for the group and for third parties.

The agricultural land exploited by the group is located in the vicinity of the Siret River, one of the largest rivers in Romania, which facilitates the development of irrigation infrastructure of the whole area, thus increasing the economic attractiveness of investment.



Strong growth

Profit & Loss Account ('000 RON)	2019	2020	2021
Total operating revenue	36,830	29,371	43,285
Cost of sales	16,711	16,111	20,345
Gross margin	20,118	13,260	22,939
Gross margin	55%	45%	53%
Total operating expenses	25,918	23,266	33,481
EBITDA	10,912	6,105	9,804
EBITDA Margin	30%	21%	23%

Frizon proves a strong growth history, given a constant worked area increase combined with large investments in state-of-the-art machinery & technology, as well as irrigation.

Main business lines of Frizon Group are:

- Farming and selling own production;
- Storage and other handling services.

Despite the hard climatic conditions in 2020, AI predictions allowed Frizon to buy draught insurance and partially recover the loss.

Strong EBITDA margins are expected to continue.

Significant market momentum



Market momentum



Precision agriculture is considered a key component of the third wave of agricultural revolution.



Combines crop science, environmental protection and economics for optimal production.



A strategic sector in the context of "farm-to-fork" EU Green Deal Strategy.

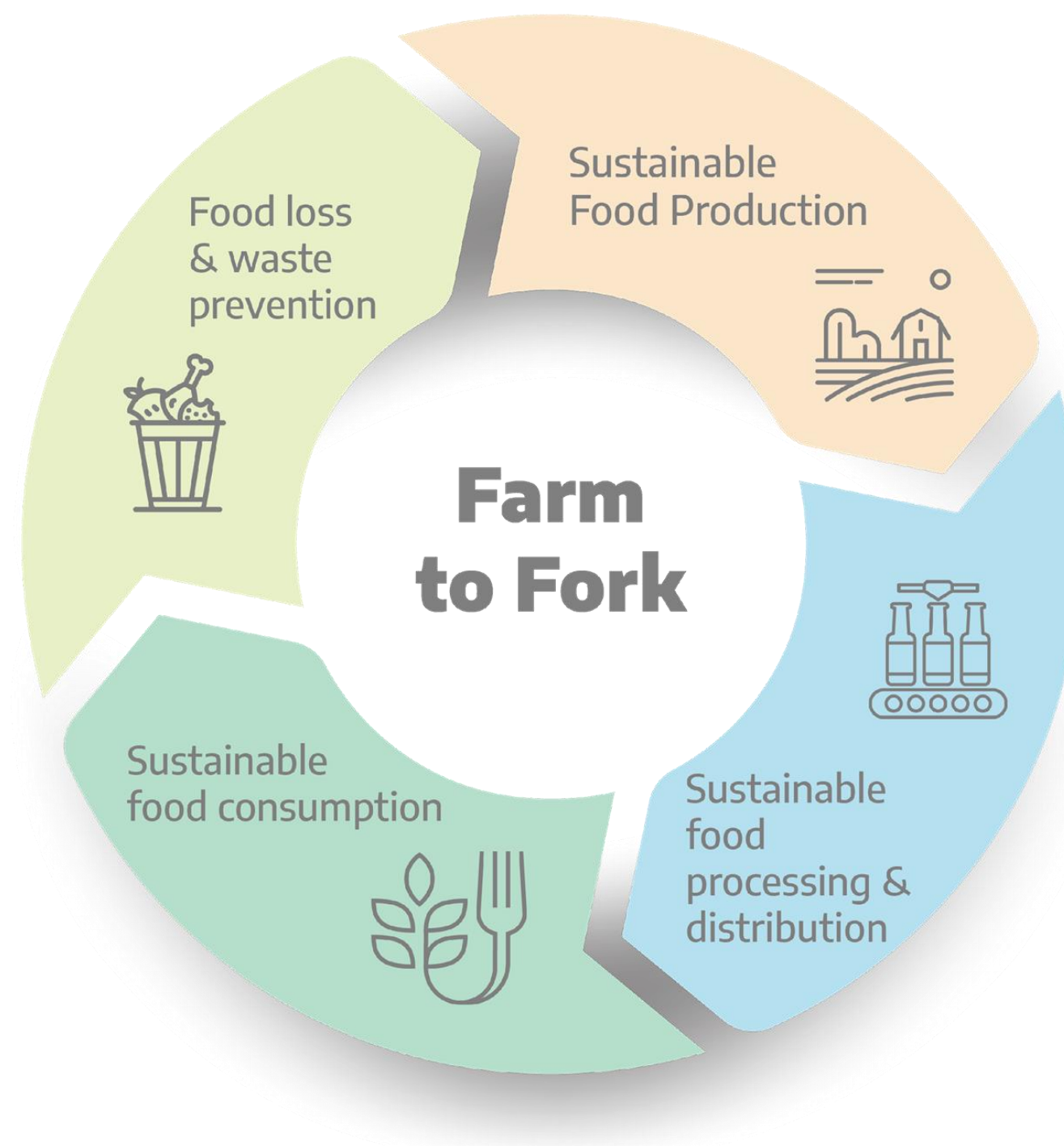


Significant EU market momentum

”Farm to Fork” Strategy, at the heart of the European Green Deal, in order to

accelerate our transition to a sustainable food system that should:

- have a neutral or positive environmental impact
- help to mitigate climate change and adapt to its impacts
- reverse the loss of biodiversity
- ensure food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious, sustainable food
- preserve affordability of food while generating fairer economic returns, fostering competitiveness of the EU supply sector and promoting fair trade



Animal-based to plant-based protein shift

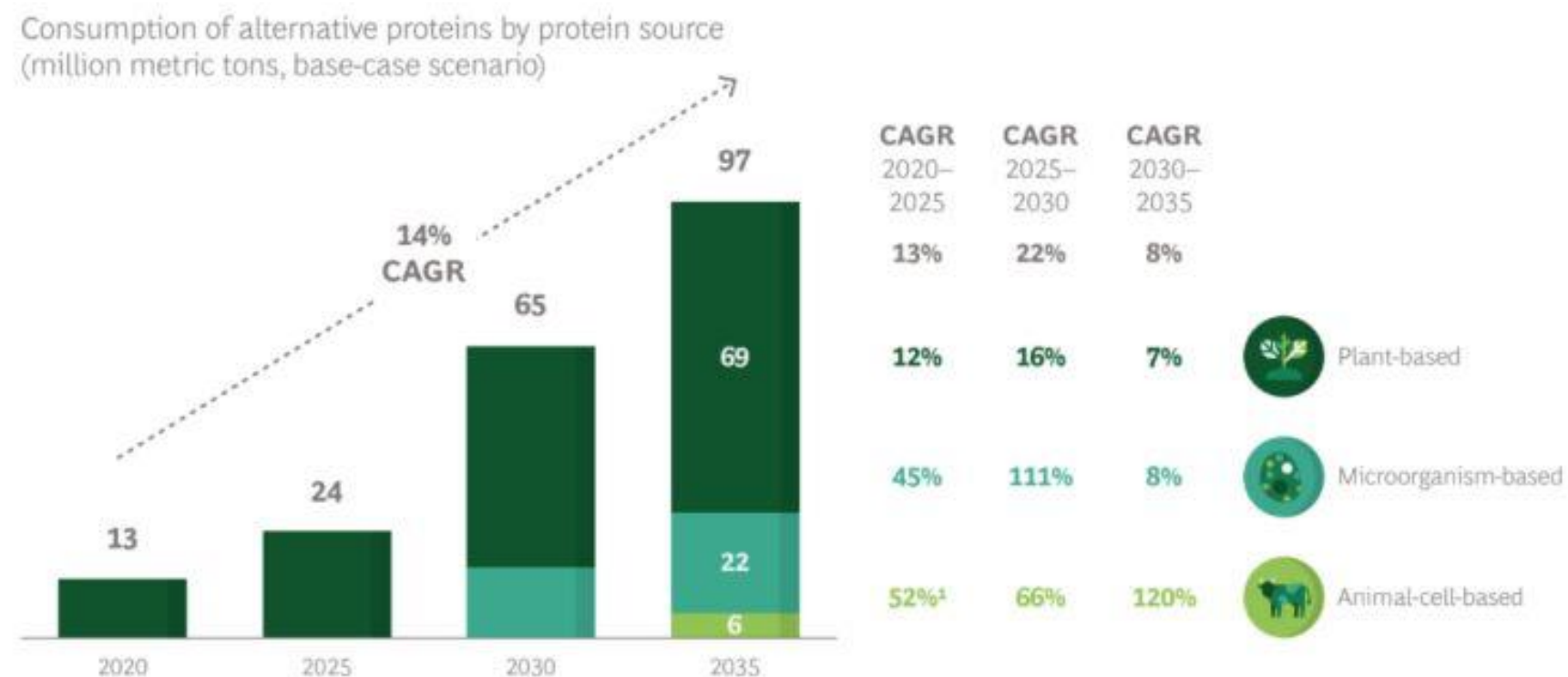
Alternative proteins: The race for market share is on *

- The market base for alternative protein, largest being plant-based, food is approximately \$2.2 billion compared with a global meat market of approximately \$1.7 trillion
- Interest in alternative protein grew gradually up to and including 2007, only accelerating over the past decade.

Several factors contributed to this evolution:

1. increased consumer interest in health
2. price
3. ethical considerations around different types of protein.

Exhibit 3 - Alternative Protein Consumption Will Grow in Three Waves



Sources: US Department of Agriculture; Euromonitor; UBS; ING; Good Food Institute; expert interviews; Blue Horizon and BCG analysis.

¹CAGR from 2022 to 2025, starting from market entry.

Catching the wave**

- Boston Consulting Group: By 2035, every tenth portion of meat, eggs, and dairy eaten around the globe is very likely to be alternative; alternative proteins could account for 11% (\$290bn) of the market by 2035 vs 2% in 2020.

*2019 data, McKinsey: ** [Source](#): Report

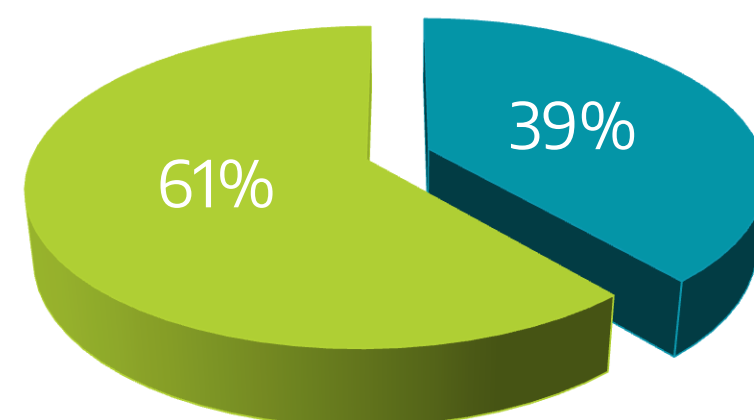


Romania's attractive market potential

In the context of EU Romania boasts:

- 8% of the EU arable surface occupying the 6th place in this perspective;
- Outstanding land quality, favourable climate for farming and good levels of precipitation in the majority of the locations;
- 2 to 8 times cheaper land prices compared to the remaining EU countries;
- Strategic access to low-cost & green waterways, with Danube river connecting the Black Sea to the north of Europe.

61% share of agricultural land in Romania



■ Non-agricultural land ■ Agricultural land

Romanian position in the EU context

- Romania - top 7 crop producing country in EU*
 - 1st place at corn production (25% of the total production)
 - 1st place at sunflower production (35% of the total)
 - 2nd place at soybean production
- The average annualized growth rate of production recorded in Romania in the period 2010-2019 was 7.1% vs 1.5% at EU level
- Competitive advantage by being in top 10 most important crop exporting countries

*2019 data, Eurostat



A strategy for scalable
high-margin growth



Scalable high-margin growth



Well optimized impact of precision agriculture.



Designing a fully integrated business model.



Making the most of new technologies.



Growth channels

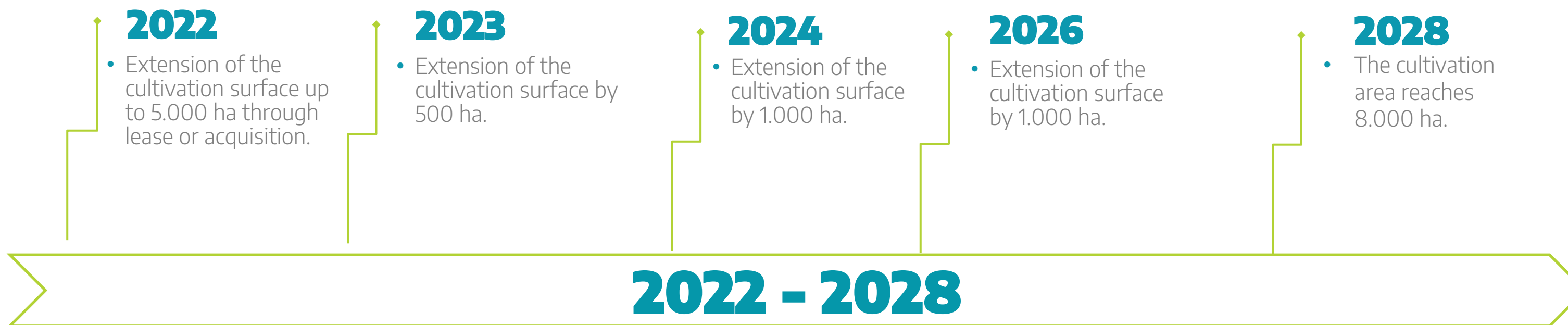
Vision: **To create an integrated, circular and scalable farming business model**

**Undisputed
Precision Agriculture
leader**

- Growth via acquisitions of additional medium sized farms in the area
- Investments in the irrigated land
- Expanding silo facility and trading
- Investing in processing operations for soybean
- ESG & Sustainability approach by capturing CO2 and trading green certificates
- Increase circularity by investing in green energy production

Dynamic growth oriented team driven for future growth
Combining agile management, investments and strong credit history will strengthen the development of the company.

Land



2022

- Extension of the cultivation surface up to 5.000 ha through lease or acquisition.

2023

- Extension of the cultivation surface by 500 ha.

2024

- Extension of the cultivation surface by 1.000 ha.

2026

- Extension of the cultivation surface by 1.000 ha.

2028

- The cultivation area reaches 8.000 ha.

2022 - 2028

2022

- Start project and secure financing of soybean processing plant
- Purchase of two new high capacity tractors (600 HP).
- Extension of storage facility with 20,000 tons.

2023

- The center pivot irrigation systems will cover up to 1.500 ha.
- Start construction of the soybean processing plant.

2024

- Expansion of the irrigation system to 3,000 ha.
- Start of operations for soybean operations plant.

2025

- Start feasibility study for a chicken farm.
- Upgrade of the capacity of the storage, handling and distribution facility up to 60.000 tones.

2026

- Start construction of the chicken farm.
- Launch of the construction project for a photovoltaic power station.

2027-2028

- Start operating the chicken farm.
- Rehabilitation of the railway infrastructure
- Purchase of a locomotive and cars fitted for agricultural cargo.

✓ Opening of new **business units** and scaling of the business model at a national level using **"business cells"**.

Investments



Key projects 2022-2023



Start project and secure financing for the creation of a **soybean processing unit** at the Tătăranu plant



Issuing and listing first **Frizon bonds** on the Bucharest Stock Exchange AeRO market



Finalize the construction projects for the **pumping stations** of the three new OUAIs in Nămolosa



Planting **100 ha of forest** as part of a project to develop biodiversity and increase protection against climate change



Construction of a **300 KW solar power station** in the Tătăranu power plant through the Energy Up programme



Carry out a **feasibility study** for the construction of a **photovoltaic plant** on 10 ha near the Tătăranu storage and distribution base

Financial results



Expected results by 2028

EUR 58 mn
euros

Total investments by 2028

8 000
ha

Sum of the cultivation area by 2028

60 000
tons

Capacity of the storage,
handling and distribution facility by 2028

230%

Return on investment target 2018-2028

320%

Annual turnover growth 2018-2028

560%

Cultivation area growth 2013-2028



Next project / Financing needs

We plan to build a **soybean processing plant** with a production capacity of 2 * 7-9 to / h to obtain:

- defatted soybean flakes for farm animal feed (soybean is the best source of vegetal protein for animal feed)
- refined oil (for human food and cosmetics)
- lecithin, (a product widely used in medicine).

The processing line will be a complete one and will also include 4 steel cereals silos with a capacity of 5,000 tons each.

The estimated value of this investment is approx. EUR 12 mn, which indicates a ROI of 6 years.

Soybean processing plant estimated investment **EUR 12 mn**

Estimated production (mto / year) **22,400**

Estimated profit (€ / mto) **90**

Estimated profit (€ / year) **EUR 2 mn**

Return of investment (year) **5.97 %**



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Conclusions



Frizon Group is a leading company in the precision agriculture field.

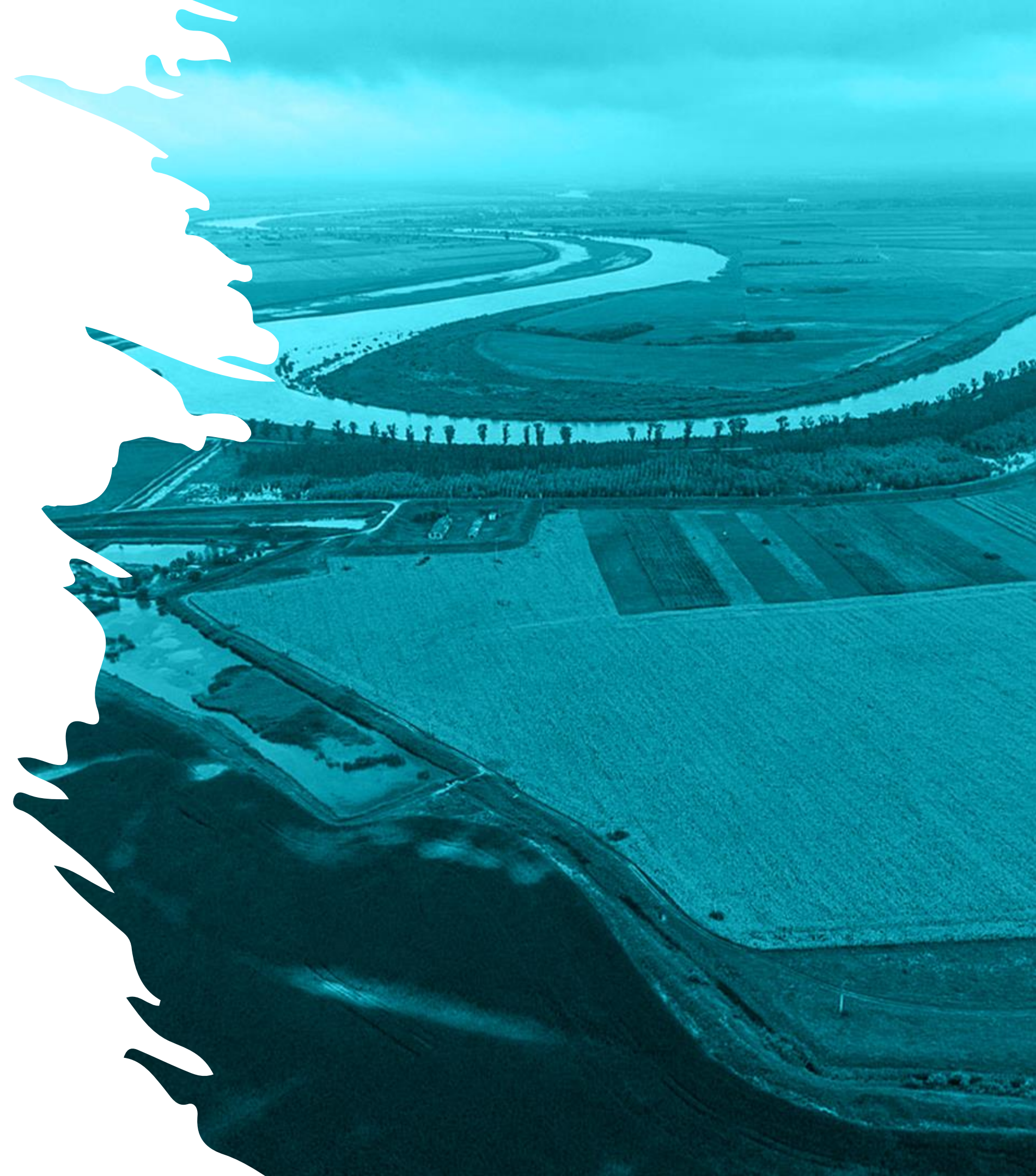


Benefiting from significant EU market momentum.



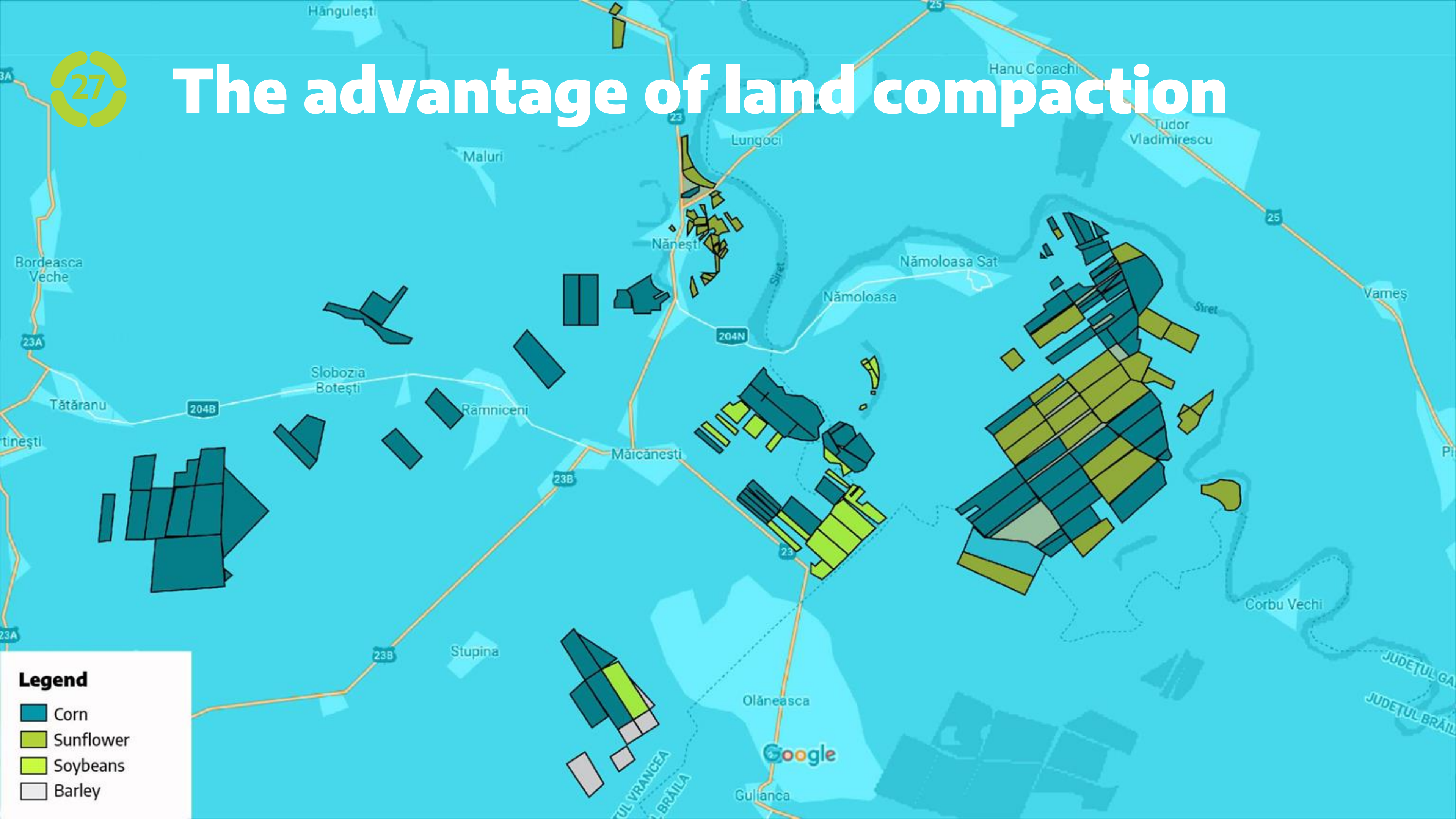
Rolling out a strategy for scalable high-margin growth.

Appendices





The advantage of land compaction



- Legend**
- Corn
 - Sunflower
 - Soybeans
 - Barley

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The best way to predict the future is to invent it

Frizon Group

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