

## **AGROLIGA GROUP PLC**

### **REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 December 2021**

**knowing you.**

Kreston Proios Ltd is a private company incorporated in Cyprus,  
Inc. No. 171495

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An independent member of the  
Kreston Global network

 **MEMBER OF THE  
FORUM OF FIRMS**

# AGROLIGA GROUP PLC

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## REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

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# AGROLIGA GROUP PLC

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## BOARD OF DIRECTORS AND OTHER OFFICERS

|                              |   |
|------------------------------|---|
| <b>Board of Directors:</b>   | Oleksandr Berdnyk<br>Bizserve Investments Limited<br>Bizserve Management Limited  |
| <b>Company Secretary:</b>    | Bizserve Secretarial Services Limited   |
| <b>Independent Auditors:</b> | Kreston Proios Ltd<br>Certified Public Accountants<br>A member of Kreston International<br>A global network of independent accounting firms<br>Corner of Nikis Avenue & 2 Kastoros Street, 1087 Nicosia |
| <b>Registered office:</b>    | 11 Boumpoulinas Street<br>1 <sup>st</sup> floor<br>1060 Nicosia, Cyprus   |
| <b>Bankers:</b>              | Credit Agricole Bank Polska S.A.<br>Versobank AS  |
| <b>Registration number:</b>  | HE269325  |

## CONSOLIDATED MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of Agroliga Group Plc. and its subsidiaries (the Group) for the year ended 31 December 2021.

### **Principal activities**

The principal activities of the Group are the production of vegetable oils, cereals, meat and dairy breeding herd.

### **Review of current position, future developments and significant risks**

The Group's development to date, financial results and position as presented in the consolidated financial statements considered satisfactory. Additional details that relate to the operating environment of the Group as well as other risks and uncertainties described in notes 3 and 24 of the consolidated financial statements.

The Group handles approximately 10 thousand hectares of land, the capacity of the butter factory for processing sunflower is 35 thousand tons per year.

The Group plans to continue expanding the land bank to 12.3 thousand hectares.

The Group has completed the construction of a thermal power plant ("Green Project"). The implementation of the green project allows the Group to produce and sell electricity at a "green tariff". All permits needed to start the plant were obtained by the Group.

The group used one of the most common technologies for the combustion of husk sunflower, which was previously consider waste. For this, the Group purchased and installed two steam boiler units, a steam generation capacity of 16 tons / hour each and one condensing steam turbo generator with an electric capacity of 7 MW. This decision created all the conditions for entering non-waste production.

### **Results**

The Group's results for the year are set out on page 10.

The Group has completed the construction of an oil extraction plant in the Kharkiv region of Ukraine. The new oil-extraction plant gives the possibility of changing the processing volumes of raw materials in the range from 100 thousand to 180 thousand tons per year without additional investment in equipment. The production facilities designed in such a way that the Group is able to reconfigure the equipment for extraction of soybean and rapeseed oil without additional investment in this equipment, this fact significantly expands the product line. A modern production line for extraction, which allows to increase oil yield by 10% in comparison with the press technology of oil extraction. At the exit, instead of the cake, the company receives sunflower meal with a protein content of 38% and residual oiliness, which does not exceed 0,5-1%.

### **Dividends**

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

### **Research and Development activities**

The Group did not carry out any research and development activities during the year.

### **Share capital**

There were no changes in the share capital of the Company during the year under review.

### **Board of Directors**

The members of the Group's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 3. All of them were members of the Board of Directors throughout the year ended 31 December 2021.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office. There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.



# AGROLIGA GROUP PLC

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## Corporate Governance

The full corporate governance report is available at <http://agroliga.com.ua/en/documentation/>

## Events after the reporting period

Events after the reporting period disclosed in note 25 of the consolidated financial statements.

## Independent Auditors

The Independent Auditors, Kreston Proios Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



BIZSERVE SECRETARIAL SERVICES LIMITED

Bizserve Secretarial Services Limited  
Secretary

Nicosia, 20 March 2022

**DECLARATION OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Article 9 sections (3c) and 7(i) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the Management of Agroliga Group Plc for the year ended 31 December 2021, on the basis of our knowledge, declare that:

- a) The annual consolidated financial statements of the Group which are presented:
  - i. Have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and
  - ii. Provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and
  
- b) The consolidated management report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with a description of the main risks and uncertainties which they face

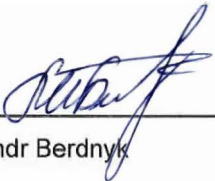
**Members of the Board of Directors:**

  
\_\_\_\_\_  
Oleksandr Berdnyk  
Director

  
\_\_\_\_\_  
Bizserve Investments Limited  
Director  
BIZSERVE INVESTMENTS LIMITED

  
\_\_\_\_\_  
Bizserve Management Limited  
Director  
BIZSERVE MANAGEMENT LIMITED

**Responsible for drafting the consolidated financial statements:**

  
\_\_\_\_\_  
Oleksandr Berdnyk  
Director

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Agroliga Group Plc. Report on the Audit of the Consolidated Financial Statements

#### Opinion

We were engaged to audit the consolidated financial statements of Agroliga Group Plc (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 11 to 40 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

#### Basis for Disclaimer of Opinion

We were not able to comply with the requirements of ISA 600, since we were not able to obtain sufficient appropriate audit evidence about the financial information of components of a Group. Access to the Company's assets from the Component auditors and Component management for conducting inventories and audits of receivables and liabilities was restricted because the Russian-Ukrainian military conflict started on February 24, 2022, and enact martial law in Ukraine. The information received prior to this date was not sufficient to support appropriate conclusions.

We were unable to satisfy ourselves by alternative means concerning to part the inventory and work in progress balances, PPE, biological assets, right-of-use assets included in the Consolidated Statement of Financial Position. As a result of these matters, we were not able determine whether any adjustments might have to be necessary in related elements included in the Statement of Profit and Loss, Statement of Changes in Equity and of Cash flow.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

However, because of the matters described in the Basic for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal Requirements

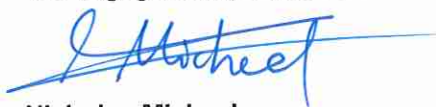
Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

### Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mr Nicholas Michael.



**Nicholas Michael**  
Certified Public Accountant and Registered Auditor  
for and on behalf of

20 March 2022

**Kreston Proios Ltd**  
Certified Public Accountants  
**A member of Kreston International**  
A global network of independent accounting firms  
Corner of Nikis Avenue & 2 Kastoros Street, 1087 Nicosia



# AGROLIGA GROUP PLC

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021 (in thousands of EUR)

|   | Note | For the year<br>ended<br>31.12.2021 | For the year<br>ended<br>31.12.2020 |
|---|------|-------------------------------------|-------------------------------------|
| Revenue   | 5    | 39 919                              | 70 120                              |
| Cost of sales   | 7.1  | (34 883)                            | (59 023)                            |
| Income from change in fair value of biological assets and agricultural products | 5    | 3 858                               | 1 798                               |
| <b>Gross profit (loss)</b>  |      | <b>8 894</b>                        | <b>12 895</b>                       |
| Administrative expenses   | 7.2  | (983)                               | (895)                               |
| Distribution expenses   | 7.3  | (633)                               | (2 013)                             |
| Other operating income/(expenses), net  | 6    | 537                                 | 370                                 |
| Financial income/(expenses), net  | 8    | (1 134)                             | (1 568)                             |
| Exchange rate differences, net  |      | 1 478                               | (4 157)                             |
| <b>Profit (loss) from continuing operations</b>                                 |      | <b>8 159</b>                        | <b>4 632</b>                        |
| Income tax benefit/expense  | 9    | (31)                                | (347)                               |
| <b>Profit (loss) for the year</b>   |      | <b>8 128</b>                        | <b>4 285</b>                        |
| <b>Other comprehensive income</b>   |      |                                     |                                     |
| Items that will not be reclassified to profit or loss:                          |      |                                     |                                     |
| Exchange differences on translation of foreign operations                       |      | 3 793                               | (7 609)                             |
| <b>Total comprehensive income for the year</b>                                  |      | <b>11 921</b>                       | <b>(3 324)</b>                      |
| <b>Net profit for the year/period attributable to:</b>                          |      |                                     |                                     |
| Equity holders of the parent  |      | 6 360                               | 4 561                               |
| Non-controlling interests   |      | 1 768                               | (276)                               |
| <b>Net profit for the year/period</b>   |      | <b>8 128</b>                        | <b>4 285</b>                        |
| <b>Total comprehensive income attributable to:</b>                              |      |                                     |                                     |
| Equity holders of the parent  |      | 10 161                              | (2 919)                             |
| Non-controlling interests   |      | 1 760                               | (405)                               |
| <b>Total comprehensive income</b>   |      | <b>11 921</b>                       | <b>(3 324)</b>                      |

  
Oleksandr Berdnyk  
Director

  
Bizserve Investments Limited  
Director  
BIZSERVE INVESTMENTS LIMITED


  
Bizserve Management Limited  
Director  
BIZSERVE MANAGEMENT LIMITED


# AGROLIGA GROUP PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2021 (in thousands of EUR)

|  | Note | 31.12.2021    | 31.12.2020    |
|--|------|---------------|---------------|
| <b>ASSETS</b>  |      |               |               |
| <b>Non-current assets</b>                                  |      |               |               |
| Property, plant and equipment                              | 10   | 40 337        | 36 434        |
| Right-of-use asset   | 22   | 1 183         | 1 210         |
| Biological assets  | 11   | 17            | 15            |
| Non-current loans receivable                               | 14   | -             | 231           |
| Deferred tax assets  | 18   | 7             | 4             |
| <b>Total non-current assets</b>                            |      | <b>41 544</b> | <b>37 894</b> |
| <b>Current assets</b>                                      |      |               |               |
| Inventories and work in progress                           | 13   | 16 219        | 9 478         |
| Biological assets  | 11   | 533           | 586           |
| Trade and other receivables                                | 14   | 9 542         | 10 590        |
| Cash and cash equivalents                                  | 15   | 118           | 183           |
| <b>Total current assets</b>                                |      | <b>26 412</b> | <b>20 837</b> |
| <b>TOTAL ASSETS</b>  |      | <b>67 956</b> | <b>58 731</b> |
| <b>EQUITY AND LIABILITIES</b>                              |      |               |               |
| <b>Equity and reserves</b>                                 |      |               |               |
| Share capital  | 16   | 31            | 31            |
| Share premium  |      | 953           | 953           |
| Translation reserve  |      | (11 561)      | (15 354)      |
| Retained earnings  |      | 46 726        | 40 858        |
| <b>Equity attributable to equity holders of the parent</b> |      | <b>36 149</b> | <b>26 488</b> |
| Non-controlling interests                                  |      | 3 496         | 1 794         |
| <b>Total equity</b>  |      | <b>39 645</b> | <b>28 282</b> |
| <b>Liabilities</b>   |      |               |               |
| <b>Non-current liabilities</b>                             |      |               |               |
| Borrowings   | 17   | 3 540         | 5 210         |
| Long-term portion of lease liabilities                     | 22   | 1 084         | 1 158         |
| Deferred tax liabilities                                   | 18   | 1 628         | 1 489         |
| <b>Total Non-current liabilities</b>                       |      | <b>6 256</b>  | <b>7 857</b>  |
| <b>Current liabilities</b>                                 |      |               |               |
| Trade and other payables                                   | 19   | 7 519         | 9 321         |
| Current portion of lease liabilities                       | 22   | 197           | 384           |
| Borrowings   | 17   | 14 263        | 12 838        |
| Provision  |      | 80            | 49            |
| <b>Total Current liabilities</b>                           |      | <b>22 059</b> | <b>22 592</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |      | <b>67 956</b> | <b>58 731</b> |

  
 Oleksandr Berdnyk  
 Director

  
 Bizserve Investments Limited  
 Director

  
 Bizserve Management Limited  
 Director

BIZSERVE INVESTMENTS LIMITED

BIZSERVE MANAGEMENT LIMITED

# AGROLIGA GROUP PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021 (in thousands of EUR)

|  | Attributable to equity holders of the Company |               |                     |                   |                           | Total         |
|--|---|---------------|---------------------|-------------------|---------------------------|---------------|
|  | Share capital                                 | Share premium | Translation reserve | Retained earnings | Non-controlling interests |               |
| <b>Balance at 1 January 2020 as previously reported</b>  | <b>31</b>                                     | <b>953</b>    | <b>(7 745)</b>      | <b>36 297</b>     | <b>2 070</b>              | <b>31 606</b> |
| Net profit for the year  | -   | -             | -                   | 4 561             | (276)                     | 4 285         |
| Exchange difference on the translation and consolidation for foreign companies' financial statements | -   | -             | (7 609)             | -                 | -                         | (7 609)       |
| <b>Balance at 31 December 2020</b>   | <b>31</b>                                     | <b>953</b>    | <b>(15 354)</b>     | <b>40 858</b>     | <b>1 794</b>              | <b>28 282</b> |
| <b>Balance at 1 January 2021 as previously reported</b>  | <b>31</b>                                     | <b>953</b>    | <b>(15 354)</b>     | <b>40 858</b>     | <b>1 794</b>              | <b>28 282</b> |
| Net profit for the year  | -   | -             | -                   | 6 360             | 1 768                     | 8 128         |
| Cash dividends   | -   | -             | -                   | (492)             | (66)                      | (558)         |
| Exchange difference on the translation and consolidation for foreign companies' financial statements | -   | -             | 3 793               | -                 | -                         | 3 793         |
| <b>Balance at 31 December 2021</b>   | <b>31</b>                                     | <b>953</b>    | <b>(11 561)</b>     | <b>46 726</b>     | <b>3 496</b>              | <b>39 645</b> |

  
 Oleksandr Berdnyk  
 Director

  
 Bizserve Investments Limited  
 Director  
 BIZSERVE INVESTMENTS LIMITED

  
 Bizserve Management Limited  
 Director  
 BIZSERVE MANAGEMENT LIMITED




# AGROLIGA GROUP PLC


## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021 (in thousands of EUR)

|  | For the year<br>ended<br>31.12.2021 | For the year<br>ended<br>31.12.2020 |
|--|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                        |                                     |                                     |
| <b>Profit before tax</b>   | <b>8 159</b>                        | <b>4 632</b>                        |
| Adjustments for:   |                                     |                                     |
| Depreciation of property, plant and equipment                      | 2 206                               | 1 351                               |
| Changes in the reserve of doubtful debts                           | 39                                  | 44                                  |
| (Losses)/gain on current assets sold                               | -                                   | 4                                   |
| Exchange rate differences, net                                     | (1 478)                             | 4 157                               |
| Income from previously written off assets (reverse)                | -                                   | (81)                                |
| Changes in deferred taxes  | (142)                               | 160                                 |
| Income from change in fair value of biological assets              | (3 858)                             | (1 798)                             |
| Interest income  | (350)                               | (385)                               |
| Interest expense   | 1 490                               | 1 785                               |
| <b>Cash flows from operations before working capital changes</b>   | <b>6 066</b>                        | <b>9 869</b>                        |
| Decrease/(increase) in inventories and work in progress            | (1 473)                             | 2 760                               |
| Decrease/(increase) in trade and other receivables                 | 1 223                               | (3 542)                             |
| Decrease/(increase) in biological assets                           | 121                                 | 69                                  |
| (Decrease)/increase in trade and other payables                    | (2 046)                             | (160)                               |
| <b>Cash flows from operations</b>                                  | <b>3 891</b>                        | <b>8 996</b>                        |
| Income tax paid  | (25)                                | (26)                                |
| <b>Net cash flows from operating activities</b>                    | <b>3 866</b>                        | <b>8 970</b>                        |
| <b>Cash flows from investing activities</b>                        |                                     |                                     |
| Payment for purchase of property, plant and equipment              | (1 635)                             | (9 646)                             |
| Proceeds from disposal of property, plant and equipment            | -                                   | -                                   |
| Loans granted  | -                                   | -                                   |
| Interest received  | 350                                 | 385                                 |
| <b>Net cash (loss) generated by investing activities</b>           | <b>(1 285)</b>                      | <b>(9 261)</b>                      |
| <b>Cash flows from financing activities</b>                        |                                     |                                     |
| Proceeds from borrowings   | 6 808                               | 9 601                               |
| Repayment of borrowings  | (7 676)                             | (8 422)                             |
| Dividends paid to equity holders of the parent                     | (492)                               | -                                   |
| Dividends paid to non-controlling interests                        | (66)                                | -                                   |
| Interest paid  | (1 329)                             | (1 296)                             |
| <b>Net cash (loss) generated by financing activities</b>           | <b>(2 755)</b>                      | <b>(117)</b>                        |
| Net increase (decrease) in cash                                    | (174)                               | (408)                               |
| Cash at the beginning of the year                                  | 183                                 | 920                                 |
| Effect of exchange rates fluctuations on cash and cash equivalents | 109                                 | (329)                               |
| <b>Cash at the end of the year</b>                                 | <b>118</b>                          | <b>183</b>                          |

  
Oleksandr Berdnyk  
Director

  
Bizserve Investments Limited  
Director

  
Bizserve Management Limited  
Director

# AGROLIGA GROUP PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

### 1. INCORPORATION AND PRINCIPAL ACTIVITIES

#### Country of incorporation

The Group Agroliga Group Plc. (the «Group») was incorporated in Cyprus on 23 June 2010 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 11 Boumpoulinas Street, 1st floor, 1060 Nicosia, Cyprus.

#### Principal activities

The principal activities of the Group are the production of vegetable oils, cereals, meat and dairy breeding herd.

#### The Group

These consolidated financial statements also include:

Private Liability Company "Agroliga Group" ("PLC "Agroliga Group");  
Limited Liability Company "Agroliga Group" ("LLC "Agroliga Group");  
Limited Liability Company "Agroliga" ("LLC "Agroliga");  
Limited Liability Company "Vostokagrokontrakt" ("LLC "Vostokagrokontrakt");  
Limited Liability Company "Agrocom Nova Vodolaga" ("LLC "Agrocom NV");  
Private Enterprise "Mechnikovo" ("PE "Mechnikovo").  
Limited Liability Company "Mayak"  
Limited Liability Company "Agroliga Polska"  
Limited Liability Company "Agroliga-Trade" ("LLC "Agroliga-Trade")  
Limited Liability Company "AGL Energy", (AGL Energy, LLC)  
Limited Liability Company "Trade House Liga Trade" (Liga Trade TH, LLC)

### 2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

#### Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared under the historical cost convention with the exception of biological assets have been prepared under fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### Adoption of the standards and interpretations during the reporting period

In the current year the Group has applied all new and revised standards and interpretations adopted by the International Accounting Standards Board and International Financial Reporting Interpretations Committee which are to be applied in financial statements for the periods beginning on or after 1 January 2021.

As at the date of approval of these financial statements, the following standards, interpretations and changes to the standards have been issued, but are not effective yet:

Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

### Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform–Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### Standards issued but not yet effective

The amendment applies to annual reporting periods beginning on or after 1 January 2021. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

#### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

#### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

# AGROLIGA GROUP PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

### Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

### Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

### Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

### IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

### IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

### IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

## **Basis of consolidation**

The Group consolidated financial statements comprise the financial statements of the parent company Agroliga Group Plc. and the financial statements of the Ukrainian companies Agroliga Group LLC, Agrocom NV LLC, PLC Mechnikovo, Agroliga LLC, Vostokagrocontract LLC, Mayak LLC, Limited Liability Company "Agroliga Polska", "Agroliga-Trade" LLC and AGL ENERGY, LLC, Liga Trade TH, LLC

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

## **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

### Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Group are recognized on the following bases:

- **Sale of products**  
Sales of products are recognized when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Group has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is

# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2021

reasonably assured.

- **Interest income**  
Interest income is recognized on a time-proportion basis using the effective interest method.

### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

### Foreign currency translation

#### Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€'000), which is the Group's presentation currency .

All amounts of these consolidated financial statements are accounted in local currency of each of the company of the Group ("the functional currency"). The functional currency of each of the Group companies is indicated below:

| <b>Name of Group's company</b> | <b>Country</b> | <b>Functional currency</b> |
|--------------------------------|----------------|----------------------------|
| PLC "Agroliga Group"           | Cyprus         | EUR                        |
| LLC "Agroliga Group"           | Ukraine        | UAH                        |
| LLC "Agroliga"                 | Ukraine        | UAH                        |
| LLC "Vostokagrokontrakt"       | Ukraine        | UAH                        |
| LLC "Agrocom Nova Vodolaga"    | Ukraine        | UAH                        |
| PE "Mechnikovo"                | Ukraine        | UAH                        |
| LLC "Mayak"                    | Ukraine        | UAH                        |
| LLC "Agroliga Polska"          | Poland         | PLN                        |
| LLC "AGL Energy"               | Ukraine        | UAH                        |
| LLC "Agroliga-Trade"           | Ukraine        | UAH                        |
| LLC "Liga Trade TH"            | Ukraine        | UAH                        |

Management has determined the EUR as the presentation currency of these combined financial statements. Financial information the Group was converted from UAH and USD to EUR, rounded to the nearest thousand.

For the purpose of these consolidated financial statements presentation, assets and liabilities of the Group's companies are translated from UAH and USD to EUR at the foreign exchange rates at each balance sheet date and income and expenses are translated at average foreign exchange rates for each reporting period. All related to this differences from presentation of consolidated financial statements in presentation currency are recognized as a separate component of equity. Foreign exchange rates were obtained from the National Bank of Ukraine Federation data.

National Bank of Ukraine foreign exchange rates used during the consolidated financial statements preparation:

|                                     | 100 EUR/UAH | 100 EUR/USD | 100 EUR/PLN |
|-------------------------------------|-------------|-------------|-------------|
| For the year ended 31 December 2021 | 3 092.260   | 113.26      | 459.69      |
| Average for 2021                    | 3 230.899   | 118.27      | 456.52      |
| For the year ended 31 December 2020 | 3 473.600   | 122.710     | 455.970     |
| Average for 2020                    | 3 078.785   | 114.220     | 444.300     |
| For the year ended 31 December 2019 | 2 642.200   | 123.400     | 425.680     |
| Average for 2019                    | 2 895.185   | 119.500     | 429.760     |

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the end of the reporting period.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

The Ukrainian hryvnia is not a freely convertible currency outside of Ukraine, therefore, in accordingly conversion of UAH in EUR should be treated as amounts in UAH have been, can be or will be in the future converted into EUR at the determined rate or any other exchange rate.

### Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

### Dividends

Dividend distribution to the Group's shareholders is recognized in the Group's financial statements in the year in which they are approved by the Board of Directors.

### Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

|                                       | %     |
|---------------------------------------|-------|
| Property under construction           |       |
| Buildings                             | 2-5   |
| Agricultural equipment                | 7-10  |
| Motor vehicles and other fixed assets | 10-20 |
| Production equipment                  | 5-10  |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the



# AGROLIGA GROUP PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### **Deferred income from government grants**

Government grants on non-current assets acquisitions are credited to profit or loss in instalments over the estimated useful economic lives of the corresponding assets. This is achieved by deducting grants from the book value of these assets and the recognition of income through the reduced depreciation charge. Grants are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognized in profit or loss as revenue.

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

### Prepayments from clients

Payments received in advance on sale contracts for which no revenue has been recognized yet, are recorded as prepayments from clients as at the reporting date and carried under liabilities.

### Loans granted

Loans originated by the Group by providing money directly to the borrower are categorized as loans and are carried at amortized cost. The amortized cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognized when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

### Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

# AGROLIGA GROUP PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

### **Derecognition of financial assets and liabilities**

#### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

### **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

### **Inventories**

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the first-in-first-out basis with the exception of Vostokagrokontrakt which uses the weighted average method. The costs of finished goods and semi-finished goods comprises materials, direct labour, other direct costs and related production overheads (based on normal operating activity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

### **Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

### **Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### Lease

Determining whether a transaction is a lease, or whether it contains lease attributes, is based on an analysis of the transaction content. A contract as a whole or its individual components is a lease agreement if this agreement transfers the right to control the use of the identified asset for a certain period in exchange for a refund.

### Group as a lessee

At commencement of the lease term, the lessee measures the right-of-use asset at the initial cost, which should include the following:

- the amount of the initial measurement of the lease liability;
- lease payments at or prior to commencement, net of discounts received;
- any initial direct costs incurred by the lessee;
- the measurement of the costs that will be incurred by the lessee when dismantling and moving the underlying asset after the contract termination.

At commencement of the lease term, the lease liability is initially measured by the Group at the present value of the lease payments payable over the lease term. Lease payments are discounted at the interest rate implicit in the lease agreement. If such a rate cannot be readily determined, the Group uses the effective interest rate for attracting additional borrowings in the same currency calculated from the latest annual or interim statements prepared on the date of the agreement.

The right-of-use assets are recognised in the lessee's statement of financial position separately from other assets.

The Group does not apply the above-mentioned requirements for the recognition of assets and liabilities for short-term leases or leases in which the underlying asset has a value of less than 5 thousand Euros. The lessee recognizes lease payments for such leases as expenses on a straight-line basis over the lease term.

### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating lease. Initial direct costs incurred when entering into an operating lease are included in the carrying amount of the leased asset and recognized over the lease term in proportion to the lease income. Contingent lease payments are recognized as income in the period in which they were accrued.

## 3. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group is influenced by interest rate risk, credit, liquidity, liquidity risk, currency risk and capital management due to the existence of financial instruments. Information concerning the influence of these risks on the Group, goals of the Group, its policy and procedures of risk measurement and management are disclosed in the notes below:

#### 3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.



# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

### 3.2 Credit risk

Credit risk is a risk of financial losses of the Group in the case of counterpart's failure of complying with liabilities to the Group in accordance with the contract. In the reporting financial period, assets of the Group which are subject to such risk are represented by cash in bank, trade and other receivables (except receivables, which are not financial assets by nature).

Sensitivity to credit risk

Carrying amount of financial assets is the maximum value, which is a subject to financial risk. Maximum value of credit risk as at 31 December 2021 and 31 December 2020 disclosed in the following table:

| <b>3.2 Assets in the Consolidated Statement of Financial Position</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
|   | <b>€'000</b>      | <b>€'000</b>      |
| Net trade receivables   | 9 542             | 10 590            |
| Cash and cash equivalents   | 118               | 183               |
| <b>Total:</b>   | <b>9 660</b>      | <b>10 773</b>     |

Credit risk of the Group mainly relates to trade receivables with customers (purchasers of goods). Susceptibility of the Group to credit risk mainly depends on features of each client.

### 3.3 Liquidity risk

Liquidity risk is the risk of failure of complying with Group's financial liabilities at the date of their settlement. Group's approach to liquidity management consists in securing (as much as possible) constant presence of liquidity, which would make possible to settle liabilities in time (both in regular conditions, and in extraordinary ones), allowing to avoid additional costs or damage of Group reputation.

Management of the Group is liable for maintaining the required level of liquidity. Related structure of maintaining of the Group's requirements of short- and long-term financing and for liquidity control was developed by the management of the Group. The Group manages this risk by maintaining sufficient reserves, utilization of bank resources and loans. It monitors also the planned and actual cash flows, matches inflow and outflow of cash.

Liquidity analysis is to compare assets, grouped according to their degree of liquidity and arranged in descending order of liquidity, with liabilities, grouped by maturity dates and arranged in ascending order of maturity.

| <b>3.3.1 Assets in descending order of liquidity</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
|  | <b>€'000</b>      | <b>€'000</b>      |
| The most liquid assets (A1)                          | 118               | 183               |
| Quick assets (A2)                                    | 9 542             | 10 590            |
| Slow assets (A3)                                     | 16 752            | 10 064            |
| Difficult to sell assets (A4)                        | 41 544            | 37 894            |
| <b>Total:</b>  | <b>67 956</b>     | <b>58 731</b>     |

| <b>3.3.2 Liabilities in ascending order of maturity</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
|   | <b>€'000</b>      | <b>€'000</b>      |
| The most forward liabilities (L1)                       | 7 599             | 9 370             |
| Current liabilities (L2)                                | 14 460            | 13 222            |
| Non-current liabilities (L3)                            | 6 252             | 7 857             |
| Equity (L4)   | 39 645            | 28 282            |
| <b>Total:</b>   | <b>67 956</b>     | <b>58 731</b>     |

The absolute amounts of payment excess or deficiency as at 31.12.2021 and 31.12.2020 are presented in the table below:

| <b>3.3.3 Groups of assets and liabilities</b> | <b>Excess (deficiency)</b> |                   |
|---|----------------------------|-------------------|
|   | <b>31.12.2021</b>          | <b>31.12.2020</b> |
|   | <b>€'000</b>               | <b>€'000</b>      |

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|   |         |         |
|---|---------|---------|
| 1 | (7 481) | (9 187) |
| 2 | (4 918) | (2 632) |
| 3 | 10 500  | 2 207   |
| 4 | 1 899   | 9 612   |

The Statement of financial position is considered to be absolutely liquid, if:  $A1 > L1$ ,  $A2 > L2$ ,  $A3 > L3$ ,  $A4 < L4$ . As at 31.12.2021, three of four conditions of liquidity fulfilled.

The following table provides a liquidity analysis of the Group as at 31.12.2021 and 31.12.2020 with use of liquidity indicators calculation:

| <b>3.3.4 Liquidity indicators</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|-----------------------------------|-------------------|-------------------|
| Absolute liquidity ratio          | 0,005             | <b>0,008</b>      |
| Quick liquidity ratio             | 0,466             | <b>0,511</b>      |
| Current liquidity ratio           | 1,197             | <b>0,922</b>      |

The absolute liquidity ratio shows the amount of payables that entity can repay immediately. This ratio should not be below 0.2. As at 31.12.2021, the Group may immediately pay off less than 0,5% payable (as at 31.12.2020 – 0,8%).

The quick liquidity ratio shows how liquid funds of the entity cover its current liabilities. Liquid assets include all current assets of the entity, except for inventories. The recommended ratio from 0,7-0,8 to 1,5. As at 31.12.2021 the Group's liquid assets cover its current liabilities by 46,6% (as at 31.12.2020 – 51,1%).

The current liquidity ratio shows whether the entity owns enough funds that may be used to repay its current liabilities during the year. The recommended ratio is from 1 to 2. As at 31.12.2021, the Group has enough funds to repay its current liabilities.

The table below represents the analysis of Group's monetary liabilities by maturities based on the remaining term at the reporting date to the contractual maturity date, after 31 December 2021:

| <b>3.3.5 Liabilities in the Consolidated Statement of Financial Position as at 31.12.2021</b> | <b>Up to 1 year</b> | <b>From 1 to 5</b> | <b>Total</b>  |
|---|---------------------|--------------------|---------------|
|   | <b>€'000</b>        | <b>years</b>       | <b>€'000</b>  |
| Non-current borrowings  | -                   | 3 540              | <b>3 540</b>  |
| Current borrowings  | 14 263              | -                  | <b>14 263</b> |
| Trade and other payables  | 7 599               | -                  | <b>7 599</b>  |
| <b>Total:</b>   | <b>21 862</b>       | <b>3 540</b>       | <b>25 402</b> |

The table below represents the analysis of Group's monetary liabilities by maturities based on the remaining term at the reporting date to the contractual maturity date, after 31 December 2020:

| <b>3.3.5 Liabilities in the Consolidated Statement of Financial Position as at 31.12.2020</b> | <b>Up to 1 year</b> | <b>From 1 to 5</b> | <b>Total</b>  |
|---|---------------------|--------------------|---------------|
|   | <b>€'000</b>        | <b>years</b>       | <b>€'000</b>  |
| Non-current borrowings  | -                   | 5 210              | <b>5 210</b>  |
| Current borrowings  | 12 838              | -                  | <b>12 838</b> |
| Trade and other payables  | 9 370               | -                  | <b>9 370</b>  |
| <b>Total:</b>   | <b>22 208</b>       | <b>5 210</b>       | <b>27 418</b> |

Amounts of trade and other payables presented in tables above, do not include payables on advances received, payables to employees and tax payables.

According to plans of the Group, previously planned requirements concerning working capital fulfilled for both inflow of cash from operating activities, and inflow from borrowings, when amount of cash is not enough.

### 3.4 Currency risk 17.

Management establishes limits to the currency risk exposure by currencies and as a whole. There is a control over positions. Solely monetary assets and liabilities are included in the analysis. Non-monetary assets not

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considered as those being able to bring to a significant currency risk.

According to IFRS 7 "Financial Instruments: Disclosures", currency risk appears as regards monetary financial instruments in currency being not functional; risks associated with currency translation are not taken into account. Currency risk arises, mainly, in respect of non-functional currencies, in which the Group has financial instruments.

Mainly the Group performs its activities in the following currencies: EUR, USD, UAH.

The table below represents sensitivity of the Group's profit (loss) to a possible moderate change in exchange rate, when other components remain unchanged:

|                   | Increase/<br>Decrease | Effect on profit<br>before tax<br>€'000 |
|-------------------|-----------------------|---|
| <b>31.12.2021</b> |                       |   |
| EUR               | 5%                    | (381)                                   |
| EUR               | (5%)                  | 381                                     |
| USD               | 5%                    | (484)                                   |
| USD               | (5%)                  | 484                                     |
| <b>31.12.2020</b> |                       |   |
| EUR               | 5%                    | (551)                                   |
| EUR               | (5%)                  | 551                                     |
| USD               | 5%                    | (338)                                   |
| USD               | (5%)                  | 338                                     |

The table below represents the Group's monetary assets and liabilities at their carrying amount as at 31 December 2021 and 31 December 2020.

As at 31 December 2021:

|  | UAH<br>€'000   | EUR<br>€'000   | USD<br>€'000   | Total<br>€'000  |
|--|----------------|----------------|----------------|-----------------|
| Non-current borrowings                       | (81)           | (3 459)        |                | (3 540)         |
| Current borrowings                           | (2 869)        | (2 147)        | (9 247)        | (14 263)        |
| Trade and other payables                     | (5 008)        | (2 048)        | (463)          | (7 519)         |
| <b>Total financial liabilities</b>           | <b>(7 958)</b> | <b>(7 654)</b> | <b>(9 710)</b> | <b>(25 322)</b> |
| Cash and cash equivalents                    | 89             | 29             | -              | 118             |
| Trade and other receivables                  | 9 518          |                | 24             | 9 542           |
| <b>Total financial assets</b>                | <b>9 607</b>   | <b>29</b>      | <b>24</b>      | <b>9 660</b>    |
| <b>Total carrying amount exposed to risk</b> | <b>1 649</b>   | <b>(7 625)</b> | <b>(9 686)</b> | <b>(15 662)</b> |

As at 31 December 2020:

|  | UAH<br>€'000   | EUR<br>€'000    | USD<br>€'000   | Total<br>€'000  |
|--|----------------|-----------------|----------------|-----------------|
| Non-current borrowings                       | (32)           | (5 067)         | (111)          | (5 210)         |
| Current borrowings                           | (1 741)        | (3 945)         | (7 152)        | (12 838)        |
| Trade and other payables                     | (6 367)        | (2 954)         | -              | (9 321)         |
| <b>Total financial liabilities</b>           | <b>(8 140)</b> | <b>(11 966)</b> | <b>(7 263)</b> | <b>(27 369)</b> |
| Cash and cash equivalents                    | 44             | 130             | 9              | 183             |
| Trade and other receivables                  | 9 272          | 821             | 497            | 10 590          |
| <b>Total financial assets</b>                | <b>9 316</b>   | <b>951</b>      | <b>506</b>     | <b>10 773</b>   |
| <b>Total carrying amount exposed to risk</b> | <b>1 176</b>   | <b>(11 015)</b> | <b>(6 757)</b> | <b>(16 596)</b> |

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### 3.5 Capital risk management

Capital management of the Group is directed on maintenance of continuous activities of the Group with the simultaneous increase in profits for shareholders through optimization of gearing.

Management of the Group maintains capital on the level, which is sufficient for achievement strategic and operational requirements and for support the trust of other players of the market. This is achieved through efficient cash management, continuous control of revenue and profit of the Group, and also planning of long-term investments, which are financed using cash flows from the operating activity of the Group. By carrying out these actions, Group is trying to provide the permanent increase of profits.

| <b>3.5.1 Calculation of financial indicators</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
|  | <b>€'000</b>      | <b>€'000</b>      |
| Share capital                                    | 31                | 31                |
| Share premium                                    | 953               | 953               |
| Translation reserve                              | (11 561)          | (15 354)          |
| Retained earnings                                | 46 726            | 40 858            |
| Non-controlling interests                        | 3 496             | 1 794             |
| <b>Total equity</b>                              | <b>39 645</b>     | <b>28 282</b>     |
| Non-current borrowings                           | 3 540             | 5 210             |
| Current borrowings                               | 14 263            | 12 838            |
| Trade and other payables                         | 7 599             | 9 370             |
| <b>Total borrowings</b>                          | <b>25 402</b>     | <b>27 418</b>     |
| Cash and cash equivalents                        | 118               | 183               |
| <b>Net debt</b>                                  | <b>25 284</b>     | <b>27 235</b>     |
| Total equity and net debt                        | 64 929            | 55 517            |
| <b>Net debt/ Total equity and net debt</b>       | <b>0.389</b>      | <b>0.491</b>      |

Accumulated profit of the Group is characterized by increase. Thus, from 31.12.2020 to 31.12.2021 the indicator has increased by EUR 5 868 thousand. As at 31.12.2021 the total equity decreased by EUR 11 363 thousand compared with 2020. As at 31.12.2021 the total amount of borrowings decreased by 7.35 compared with 2020, which confirms the increase of the Group's financial dependence on external financing. As at 31.12.2020, the total amount of borrowings was EUR 25 402 thousand.

| <b>3.5.2 Calculation of financial indicators</b>                                    | <b>Year ended</b> | <b>Year ended</b> |
|---|-------------------|-------------------|
|   | <b>31.12.2021</b> | <b>31.12.2020</b> |
|   | <b>€'000</b>      | <b>€'000</b>      |
| Profit (loss) before tax  | 8 159             | 4 632             |
| Financial income/(expenses), net  | (1 134)           | (1 568)           |
| <b>EBIT (earnings before interests and taxes)</b>                                   | <b>9 293</b>      | <b>6 200</b>      |
| Depreciation of property, plant and equipment and amortization of intangible assets | 2 206             | 1 351             |
| <b>EBITDA (earnings before interests, taxes, depreciation and amortization)</b>     | <b>11 499</b>     | <b>7 551</b>      |
| Net debt at the end of the year   | 25 284            | 27 235            |
| <b>Net debt at the end of the year / EBITDA</b>                                     | <b>2.199</b>      | <b>3.607</b>      |

The term EBITDA means an analytical indicator, equal to the amount of profit before accrued interest expenses, taxes and depreciation deductions. There were no changes in approaches to capital management in reporting periods. In 2021, EBITDA indicator has significantly increased compared with 2020 by EUR 3 093 thousand.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant



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risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Provision for bad and doubtful debts

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

### Provision for obsolete and slow-moving inventory

The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

The amount of provision is recognized in profit or loss. The review of the net realizable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

### Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

## 5. REVENUE

|   | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
|---|--------------------------|--------------------------|
|   | €'000                    | €'000                    |
| <b>5.1 Sales revenue</b>  |                          |                          |
| Finished goods sold   | 36 050                   | 52 155                   |
| Goods sold  | 3 515                    | 17 816                   |
| Services rendered   | 354                      | 149                      |
| Income from change in fair value of biological assets and agricultural products | 3 858                    | 1 798                    |
| <b>Total sales revenue:</b>   | <b>43 777</b>            | <b>71 918</b>            |

## 6. OTHER OPERATING INCOME / (EXPENSES), NET

|   | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
|---|--------------------------|--------------------------|
|   | €'000                    | €'000                    |
| <b>6.1 Other operating income/(expenses), net</b> |                          |                          |
| Losses/gain on current assets sold                | -                        | (4)                      |



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Year ended 31 December 2021

|   | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
|---|--------------------------|--------------------------|
| <b>6.1 Other operating income/(expenses), net</b>   |                          |                          |
| Write-off of accounts receivable and advances given | (39)                     | (44)                     |
| Income from write-off of accounts payable           | 2                        | 6                        |
| Free revenues from tolling sunflower processing     | 554                      | 576                      |
| Income from previously written off assets (reverse) | -                        | 81                       |
| Recognized fines, penalties                         | -                        | (3)                      |
| Other income  | 27                       | 17                       |
| Other expenses                                      | -                        | -                        |
| Other operating expenses                            | (7)                      | (259)                    |
| <b>Total:</b>                                       | <b>537</b>               | <b>370</b>               |

## 7. EXPENSES

### 7.1 Cost of sales

|                                       | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
|---------------------------------------|--------------------------|--------------------------|
|                                       | €'000                    | €'000                    |
| Materials inc. changes in inventories | (31 758)                 | (56 254)                 |
| Services                              | (133)                    | (416)                    |
| Depreciation and amortization         | (2 075)                  | (1 242)                  |
| Lease                                 | (625)                    | (745)                    |
| Depreciation and amortization (land)  | (2)                      | (55)                     |
| Staff costs                           | (245)                    | (257)                    |
| Taxes                                 | (45)                     | (54)                     |
| <b>Total:</b>                         | <b>(34 883)</b>          | <b>(59 023)</b>          |

### 7.2 Administrative expenses

|                               | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
|-------------------------------|--------------------------|--------------------------|
|                               | €'000                    | €'000                    |
| Depreciation and amortization | (37)                     | (70)                     |
| Materials                     | (59)                     | (79)                     |
| Staff costs                   | (402)                    | (330)                    |
| Services                      | (439)                    | (381)                    |
| Taxes                         | (46)                     | (35)                     |
| <b>Total:</b>                 | <b>(983)</b>             | <b>(895)</b>             |

### 7.3 Distribution expenses

|                                  | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
|----------------------------------|--------------------------|--------------------------|
|                                  | €'000                    | €'000                    |
| Transport services               | (94)                     | (1 566)                  |
| Marketing and promotion services | (379)                    | (79)                     |
| Other services                   | (5)                      | (183)                    |
| Materials                        | -                        | (66)                     |
| Staff costs                      | (76)                     | (80)                     |
| Depreciation and amortization    | (79)                     | (39)                     |
| <b>Total:</b>                    | <b>(633)</b>             | <b>(2 013)</b>           |

## 8. FINANCIAL INCOME/ (EXPENSES), NET

|  | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
|--|--------------------------|--------------------------|
| <b>8.1 Financial income/ (expenses), net</b> |                          |                          |

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|                               |                |                |
|-------------------------------|----------------|----------------|
|                               | €'000          | €'000          |
| Bank interest income          | 349            | 375            |
| Unrealised exchange profit    | 1              | 10             |
| Interest expense              | (1 113)        | (1 433)        |
| Other finance expenses        | (88)           | (168)          |
| Finance lease interest (land) | (283)          | (352)          |
| <b>Total:</b>                 | <b>(1 134)</b> | <b>(1 568)</b> |

### 9. TAXES

|   |                          |                          |
|---|--------------------------|--------------------------|
|   | Year ended<br>31.12.2021 | Year ended<br>31.12.2020 |
| <b>9.1 Tax recognized in profit or loss</b> | <b>€'000</b>             | <b>€'000</b>             |
| Profit (loss) before tax                    | 8 159                    | 4 632                    |
| Overseas tax from tax rate 18%              | (1 469)                  | (834)                    |
| Deferred tax effect                         | (136)                    | 98                       |
| Effect change tax rate                      | 1 574                    | 389                      |
| <b>Charge/(credit) for the year</b>         | <b>(31)</b>              | <b>(347)</b>             |

The corporation tax rate varies is 12,5% for the Cyprus entity and up to 18% for the Ukrainian entities.

### 10. PROPERTY, PLANT AND EQUIPMENT

|  |                   |                   |
|--|-------------------|-------------------|
| <b>10.1. Property, Plant and Equipment</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|  | <b>€'000</b>      | <b>€'000</b>      |
| Historical cost                            | 45 955            | 39 396            |
| Accumulated depreciation                   | (5 618)           | (2 962)           |
| <b>Net carrying amount</b>                 | <b>40 337</b>     | <b>36 434</b>     |
| Construction in progress                   | 648               | 569               |
| Buildings and structures                   | 24 162            | 21 799            |
| Agricultural equipment                     | 587               | 517               |
| Production equipment                       | 12 325            | 11 475            |
| Vehicles                                   | 2 615             | 2 074             |
| <b>Total:</b>                              | <b>40 337</b>     | <b>36 434</b>     |

|                                    |                  |  |                                   |  |                                 |               |
|------------------------------------|------------------|--|-----------------------------------|--|---------------------------------|---------------|
|                                    | <b>Buildings</b> | <b>Property under<br/>construction</b> | <b>Agricultural<br/>equipment</b> | <b>Motor vehicles<br/>and other fixed<br/>assets</b> | <b>Production<br/>equipment</b> | <b>Total</b>  |
| <b>Cost</b>                        | <b>€'000</b>     | <b>€'000</b>                           | <b>€'000</b>                      | <b>€'000</b>   | <b>€'000</b>                    | <b>€'000</b>  |
| <b>Balance at 31 December 2019</b> | <b>18 546</b>    | <b>11 871</b>                          | <b>1 598</b>                      | <b>1 539</b>   | <b>7 004</b>                    | <b>40 558</b> |
| Additions                          | 10 052           | 9 935                                  | 96                                | 1 453  | 7 881                           | 29 417        |
| Disposals                          | -                | (19 481)                               | (266)                             | (23)   | (1)                             | (19 771)      |
| Exchange differences               | (5 584)          | (1 756)                                | (364)                             | (531)  | (2 573)                         | (10 808)      |
| <b>Balance at 31 December 2020</b> | <b>23 014</b>    | <b>569</b>                             | <b>1 064</b>                      | <b>2 438</b>   | <b>12 311</b>                   | <b>39 396</b> |

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|                                    | Buildings      | Property under construction | Agricultural equipment | Motor vehicles and other fixed assets | Production equipment | Total          |
|------------------------------------|----------------|-----------------------------|------------------------|---------------------------------------|----------------------|----------------|
| <b>Balance at 31 December 2020</b> | <b>23 014</b>  | <b>569</b>                  | 1 064                  | <b>2 438</b>                          | <b>12 311</b>        | <b>39 396</b>  |
| Additions                          | 635            | 155                         | 142                    | 516                                   | 360                  | <b>1 808</b>   |
| Disposals                          |                | (146)                       |                        | (19)                                  | (8)                  | <b>(173)</b>   |
| Exchange differences               | 2 869          | 70                          | 137                    | 323                                   | 1 525                | <b>4 924</b>   |
| <b>Balance at 31 December 2021</b> | <b>26 518</b>  | <b>648</b>                  | 1 343                  | <b>3 258</b>                          | <b>14 188</b>        | 45 955         |
| <b>Depreciation</b>                |                |                             |                        |                                       |                      |                |
| <b>Balance at 31 December 2019</b> | <b>(932)</b>   | -                           | <b>(750)</b>           | <b>(299)</b>                          | <b>(586)</b>         | <b>(2 567)</b> |
| Charge for the year                | (572)          |                             | (167)                  | (171)                                 | (441)                | <b>(1 351)</b> |
| On disposal                        | -              |                             | 194                    | 17                                    | 1                    | <b>212</b>     |
| Exchange differences               | 289            |                             | 176                    | 89                                    | 190                  | <b>744</b>     |
| <b>Balance at 31 December 2020</b> | <b>(1 215)</b> | -                           | <b>(547)</b>           | <b>(364)</b>                          | <b>(836)</b>         | <b>(2 962)</b> |
| <b>Balance at 31 December 2020</b> | <b>(1 215)</b> | -                           | <b>(547)</b>           | <b>(364)</b>                          | <b>(836)</b>         | <b>(2 962)</b> |
| Charge for the year                | (948)          |                             | <b>(135)</b>           | (236)                                 | (887)                | <b>(2 206)</b> |
| On disposal                        |                |                             |                        | 12                                    | 4                    | <b>16</b>      |
| Exchange differences               | (193)          |                             | <b>(74)</b>            | (55)                                  | (144)                | <b>(466)</b>   |
| <b>Balance at 31 December 2020</b> | <b>(2 356)</b> | -                           | <b>(756)</b>           | <b>(643)</b>                          | <b>(1 863)</b>       | <b>(5 618)</b> |
| <b>Net book value</b>              |                |                             |                        |                                       |                      |                |
| <b>Balance at 31 December 2021</b> | <b>24 162</b>  | <b>648</b>                  | 587                    | <b>2 615</b>                          | <b>12 325</b>        | <b>40 337</b>  |
| <b>Balance at 31 December 2020</b> | <b>21 799</b>  | <b>569</b>                  | 517                    | <b>2 074</b>                          | <b>11 475</b>        | <b>36 434</b>  |
| <b>Balance at 31 December 2019</b> | <b>17 614</b>  | <b>11 871</b>               | 848                    | <b>1 240</b>                          | <b>6 418</b>         | <b>37 991</b>  |

### 11. BIOLOGICAL ASSETS

#### 11.1 Biological assets

|  | Year ended<br>31.12.2021<br>€'000 | Year ended<br>31.12.2020<br>€'000 |
|--|-----------------------------------|-----------------------------------|
| <b>Balance at 1 January</b>                              | <b>601</b>                        | 866                               |
| Increases due to purchases                               |                                   |                                   |
| Decrease in value due to disposal and products gathering | <b>(11 974)</b>                   | (10 875)                          |
| Increase in value due to capitalized expenses            | <b>9 970</b>                      | 9 775                             |
| Exchange difference                                      | <b>(1 903)</b>                    | (963)                             |
| Gains arising from changes in fair value                 | <b>3 858</b>                      | 1 798                             |
| <b>Balance at 31 December</b>                            | <b>550</b>                        | 601                               |
| Non-current portion                                      | <b>17</b>                         | 15                                |
| Current portion  | <b>533</b>                        | 586                               |
| <b>Total:</b>  | <b>550</b>                        | 601                               |

#### 11.2 Biological assets cost

|  | 31.12.2021<br>€'000 | 31.12.2020<br>€'000 |
|--|---------------------|---------------------|
|  |                     |                     |

# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2021

### Non-current biological assets

|         |    |    |
|---------|----|----|
| Cattle  | -  | -  |
| Gardens | 17 | 15 |

### Current biological assets

|               |            |            |
|---------------|------------|------------|
| Cattle        | -          | -          |
| Sunflower     | -          | -          |
| Wheat         | 444        | 513        |
| Other cereals | 89         | 73         |
| <b>Total:</b> | <b>550</b> | <b>601</b> |

## 12. NON-CURRENT LOANS RECEIVABLE

| 12.1. Non-current loans receivable | 31.12.2021 | 31.12.2020 |
|------------------------------------|------------|------------|
|                                    | €'000      | €'000      |
| Loans to shareholders (note 21.4)  | -          | 231        |
| <b>Total:</b>                      | <b>-</b>   | <b>231</b> |

The exposure of the Group to credit risk is reported in note 3 of the consolidated financial statements. The fair values of non-current receivables approximate to their carrying amounts as presented above.

## 13. INVENTORIES AND WORK IN PROGRESS

| 13.1 Inventories and work in progress    | 31.12.2021    | 31.12.2020   |
|--|---------------|--------------|
|  | €'000         | €'000        |
| Raw and materials                        | 2 522         | 2 992        |
| Work in progress                         | 2 130         | 1 362        |
| Agricultural products and finished goods | 10 211        | 4 269        |
| Goods                                    | 468           | 305          |
| Fuel                                     | 369           | 189          |
| Spare parts and building materials       | 479           | 360          |
| Other inventories                        | 40            | 1            |
| <b>Total:</b>                            | <b>16 219</b> | <b>9 478</b> |

## 14. TRADE AND OTHER RECEIVABLES

| 14.1. Trade receivables                          | 31.12.2021   | 31.12.2020   |
|--|--------------|--------------|
|  | €'000        | €'000        |
| Trade receivables of customers                   | 3 487        | 3 235        |
| Doubtful debts allowance                         | (20)         | (21)         |
| Trade receivables to related parties (note 21.3) | -            | -            |
| <b>Trade receivables, net</b>                    | <b>3 467</b> | <b>3 514</b> |

| 14.2 Trade receivables by the period (overdue, but not impaired) | 31.12.2021 | 31.12.2020 |
|--|------------|------------|
|  | €'000      | €'000      |
| less than 60 day   | 1 814      | 1 774      |
| 60-90 days   | 54         | 61         |
| 90-120 days  | 3          | 2          |

# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

|                    |              |              |
|--------------------|--------------|--------------|
| more than 120 days | 1 596        | 1 377        |
| <b>Total:</b>      | <b>3 467</b> | <b>3 214</b> |

| <b>14.3 Doubtful debts allowance</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--------------------------------------|-------------------|-------------------|
|                                      | <b>€'000</b>      | <b>€'000</b>      |
| <b>Opening balance</b>               | <b>(21)</b>       | <b>(186)</b>      |
| Allowance reversal                   | 40                | 209               |
| Charge to allowance                  | <b>(39)</b>       | <b>(44)</b>       |
| <b>Closing balance</b>               | <b>(20)</b>       | <b>(21)</b>       |

| <b>14.4 Other receivables</b>                    | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
|  | <b>€'000</b>      | <b>€'000</b>      |
| Advances made                                    | 940               | 1 749             |
| Doubtful debts allowance for advances            | <b>(44)</b>       | <b>(87)</b>       |
| Tax prepayments                                  | 2 916             | 4 333             |
| Non-interest bearing financial loans issued      | 2 019             | 1 295             |
| Other current receivables                        | 75                | -                 |
| Other receivables to related parties (note 21.3) | 169               | 86                |
| <b>Total:</b>                                    | <b>6 075</b>      | <b>7 376</b>      |

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the consolidated financial statements.

## 15. CASH AND CASH EQUIVALENTS

|  | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
|  | <b>€'000</b>      | <b>€'000</b>      |
| Cash at bank in national currency, UAH | 89                | 44                |
| Cash at bank in foreign currency, EUR  | 29                | 130               |
| Cash at bank in foreign currency, USD  | -                 | 9                 |
| <b>Total:</b>                          | <b>118</b>        | <b>183</b>        |

## 16. ISSUED CAPITAL AND RESERVES

| <b>16.1. Issued capital</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|-----------------------------|-------------------|-------------------|
|                             | <b>€'000</b>      | <b>€'000</b>      |
| Issued capital              | <b>(31)</b>       | <b>(31)</b>       |
| <b>Total:</b>               | <b>(31)</b>       | <b>(31)</b>       |

|                   | <b>2021</b>      | <b>2021</b>  | <b>2020</b>      | <b>2020</b>  |
|-------------------|------------------|--------------|------------------|--------------|
|                   | <b>Number of</b> | <b>€'000</b> | <b>Number of</b> | <b>€'000</b> |
|                   | <b>shares</b>    |              | <b>shares</b>    |              |
| <b>Authorised</b> |                  |              |                  |              |

# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

|                               |                  |           |           |    |
|-------------------------------|------------------|-----------|-----------|----|
| Ordinary shares of €0,2 each  | <b>1,537,800</b> | <b>31</b> | 1,537,800 | 31 |
| <b>Issued and fully paid</b>  |                  |           |           |    |
| <b>Balance at 1 January</b>   | <b>1,537,800</b> | <b>31</b> | 1,537,800 | 31 |
| <b>Balance at 31 December</b> | <b>1,537,800</b> | <b>31</b> | 1,537,800 | 31 |

### 17. BORROWINGS

| 17.1. Borrowings                               | % rate, % | Currency | 31.12.2021<br>€'000 | 31.12.2020<br>€'000 |
|--|-----------|----------|---------------------|---------------------|
| <b>Long-term borrowings</b>                    |           |          | <b>3 540</b>        | 5 210               |
| Ukrainian bank 1                               | 5,5%      | USD      | -                   | 1 880               |
| Ukrainian bank 3                               | 7,0%      | USD      | -                   | 111                 |
| Other company 1                                | 9,8%      | EUR      | -                   | 3 187               |
| Loans from related undertakings (note 21.6)    | -         | UAH      | <b>36</b>           | 32                  |
| Ukrainian bank 1                               | 4,0-4,5%  | EUR      | 3 459               |                     |
| Ukrainian bank 4                               | 0,01%     | UAH      | 45                  |                     |
| <b>Short-term borrowings</b>                   |           |          | <b>12 035</b>       | 9 194               |
| Ukrainian bank 1                               | 5%        | USD      | -                   | 7 114               |
| Ukrainian bank 1                               | 6,5%      | EUR      | -                   | 339                 |
| Ukrainian bank 1                               | 14,5%     | UAH      | -                   | 1 741               |
| Ukrainian bank 1                               | 4,5%      | USD      | 9 134               | -                   |
| Ukrainian bank 1                               | 11%       | UAH      | 2 789               | -                   |
| Ukrainian bank 2                               | 18,25%    | UAH      | 112                 | -                   |
| <b>Current portion of long-term borrowings</b> |           |          | <b>2 228</b>        | 3 644               |
| Ukrainian bank 1                               | 7,0%      | EUR      | -                   | 38                  |
| Ukrainian bank 1                               | 5,5%      | EUR      | -                   | 3 511               |
| Ukrainian bank 1                               | 4,5%      | EUR      | 2 147               | -                   |
| Ukrainian bank 4                               | 0,01%     | UAH      | 81                  |                     |
| Other company 1                                | 9,8%      | EUR      | -                   | 95                  |
| <b>Total:</b>                                  |           |          | <b>17 803</b>       | <b>18 048</b>       |

### 18. DEFERRED TAXES

Deferred tax calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 9). The applicable corporation tax rate in the case of tax losses is 12,5% and 18% for the Cyprus and Ukrainian entities respectively.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred tax assets and liabilities offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.



# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

The movement on the deferred taxation account is as follows:

### Deferred tax liability

|   | Non-current<br>assets<br>€'000 | Prepayments<br>€'000 | Doubtful debts<br>reserves<br>€'000 | Total<br>€'000 |
|---|--------------------------------|----------------------|-------------------------------------|----------------|
| <b>Balance at 31 December 2019</b>  | <b>1 618</b>                   | -                    | -                                   | <b>1 618</b>   |
| Charged/(credited) to:<br>Statement of profit or loss and other<br>comprehensive income | (129)                          | -                    | -                                   | (129)          |
| <b>Balance at 31 December 2020</b>  | <b>1 489</b>                   | -                    | -                                   | <b>1 489</b>   |
| Charged/(credited) to:<br>Statement of profit or loss and other<br>comprehensive income | 139                            | -                    | -                                   | 139            |
| <b>Balance at 31 December 2021</b>  | <b>1 628</b>                   | -                    | -                                   | <b>1 628</b>   |

### Deferred tax assets

|   | Non-current<br>assets<br>€'000 | Advances<br>from clients<br>€'000 | Doubtful debts<br>reserves<br>€'000 | Total<br>€'000 |
|---|--------------------------------|-----------------------------------|-------------------------------------|----------------|
| <b>Balance at 31 December 2019</b>  | -                              | -                                 | 35                                  | <b>35</b>      |
| Charged/(credited) to:<br>Statement of profit or loss and other<br>comprehensive income | -                              | -                                 | (31)                                | (31)           |
| <b>Balance at 31 December 2020</b>  | -                              | -                                 | 4                                   | <b>4</b>       |
| Charged/(credited) to:<br>Statement of profit or loss and other<br>comprehensive income | -                              | -                                 | 3                                   | 3              |
| <b>Balance at 31 December 2021</b>  | -                              | -                                 | 7                                   | <b>7</b>       |
| <b>Deferred tax liabilities/ (assets), net</b>  | <b>(1 628)</b>                 | -                                 | 7                                   | <b>(1 621)</b> |

## 19. TRADE AND OTHER PAYABLES

| 19.1. Trade and other payables                  | 31.12.2021<br>€'000 | 31.12.2020<br>€'000 |
|---|---------------------|---------------------|
| Trade payables                                  | 3 011               | 6 689               |
| Trade payables from related parties (note 21.5) | 1 484               | 683                 |
| Prepayments from clients                        | 649                 | 34                  |
| Interest-free financial loans received          | 2 297               | 1 685               |
| Other creditors                                 | 78                  | 230                 |
| <b>Total:</b>                                   | <b>7 519</b>        | <b>9 321</b>        |

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

## 20. OPERATING ENVIRONMENT OF THE GROUP

The Group operates in Ukraine. The political and economic situation in the country in 2020 was largely determined by factors that arose in 2014-2015 and were characterized by instability, which led to a deterioration of the state of public finances, volatility of financial markets, illiquidity of capital markets, increased inflation and currency devaluation in relation to major foreign currencies.

# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

The Government of Ukraine continues to implement a comprehensive structural reform program aimed at eliminating existing imbalances in the economy, public finances and governance, fighting corruption, and reforming the judiciary with the ultimate goal of providing the conditions for economic recovery in the country.

The weakness of the national currency combined with restrictions on international payments, the negative balance of foreign trade, continuing volatility in the country's traditional export markets, and high inflation are key risks to stabilize the operating environment in Ukraine in the near future. Further support from the IMF and other international donors depends on maintaining the dynamics of the structural reforms mentioned above.

Russia began a full-scale invasion of Ukraine on 24 February 2022, in an escalation of the Russo-Ukrainian War that began in 2014. The invasion is the largest conventional military attack on a sovereign state in Europe since World War II.

Shortly afterwards, Russian Ground Forces entered Ukraine, prompting Ukrainian president Volodymyr Zelenskyy to enact martial law and general mobilization.

### 21. RELATED PARTY TRANSACTIONS

The Company is controlled by Mr Oleksandr Berdnyk (owns of 41,66% of Company's shares) and Ms Iryna Poplavska (owns of 41,66% of Company's shares).

Below is information on the distribution of shares in the authorized capital:

| Stockholder       | Number of shares | Participation in share capital |
|-------------------|------------------|--------------------------------|
| Oleksandr Berdnyk | 640.750          | 41,66%                         |
| Iryna Poplavska   | 640.750          | 41,66%                         |
| Free float        | 256.300          | 16,68%                         |
| <b>Total:</b>     | <b>1.537.800</b> | <b>100,00%</b>                 |

The percentage of Company's shares that is floated on the stock exchange is 16,68%. No other shareholder owns more than 5% of Company's shares.

The following transactions were carried out with related parties:

#### 21.1 Sales of goods and services

| Name          | Nature of transactions | Year ended<br>31.12.2021<br>€'000 | Year ended<br>31.12.2020<br>€'000 |
|---------------|------------------------|-----------------------------------|-----------------------------------|
| Y. Poplavskiy | Trade                  |                                   |                                   |
| E. Palatovska |                        | 1                                 | 8                                 |
| G.Tamaryan    |                        | 58                                | 7                                 |
| <b>Total:</b> |                        | <b>59</b>                         | <b>15</b>                         |

Sales to the related parties made on commercial terms and conditions.

#### 21.2 Purchases of goods and services

| Name           | Nature of transactions | Year ended<br>31.12.2021<br>€'000 | Year ended<br>31.12.2020<br>€'000 |
|----------------|------------------------|-----------------------------------|-----------------------------------|
| M. Yakovleva   | Trade                  | 15                                | 318                               |
| I. Poplavskaya | Trade                  | -                                 | 110                               |
| L.Kazanina     | Trade                  | 158                               | 83                                |
| G.Tamaryan     | Trade                  | 536                               | 71                                |
| M.Tamaryan     | Trade                  | 8                                 | 85                                |
| E. Palatovska  | Trade                  | -                                 | 58                                |
| Palatovska     | Trade                  | -                                 | 25                                |
| <b>Total:</b>  |                        | <b>717</b>                        | <b>750</b>                        |

Purchases from related parties made on commercial terms and conditions.



# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

### 21.3 Receivables from related parties (notes 14.1 and 14.4)

| Name          | Nature of transactions | 31.12.2021<br>€'000 | 31.12.2020<br>€'000 |
|---------------|------------------------|---------------------|---------------------|
| I.Poplavskaya | Other                  | 43                  | 10                  |
| Y.Poplavskiy  | Trade                  | -                   | 3                   |
| M.Tamaryan    | Other                  | -                   | 10                  |
| L.Kazanina    | Other                  | -                   | 31                  |
| Palatovska    | Other                  | 3                   | 26                  |
| G.Tamaryan    | Other                  | 70                  | 6                   |
| S.Berdnyk     | Other                  | 5                   | -                   |
| O.Berdnyk     | Other                  | 31                  | -                   |
| M.Yakovleva   | Other                  | 17                  | -                   |
| <b>Total:</b> |                        | <b>169</b>          | <b>86</b>           |

### 21.4 Loans to shareholders (note 12.1)

|                      | 31.12.2021<br>€'000 | 31.12.2020<br>€'000 |
|----------------------|---------------------|---------------------|
| Loan to shareholders | -                   | 231                 |
| <b>Total:</b>        | <b>-</b>            | <b>231</b>          |

The loan to shareholders provided interest free, and there was no specified repayment date.

### 21.5 Payables to related parties (note 19.1)

| Name          | Nature of transactions | 31.12.2021<br>€'000 | 31.12.2020<br>€'000 |
|---------------|------------------------|---------------------|---------------------|
| I.Poplavskaya | Trade                  | 52                  | 77                  |
| O.Berdnyk     | Trade                  | 34                  | 74                  |
| L.Kazanina    | Trade                  | 4                   | -                   |
| M.Tamaryan    | Trade                  | -                   | 17                  |
| G.Tamaryan    | Trade                  | 429                 | 60                  |
| M.Yakovleva   | Trade                  | 313                 | 376                 |
| S.Berdnyk     | Other                  | -                   | -                   |
| O.Berdnyk     | Other                  | 466                 | 20                  |
| I.Poplavskaya | Other                  | 109                 | 9                   |
| E. Palatovska | Other                  | 6                   | 8                   |
| M.Tamaryan    | Other                  | 18                  | 8                   |
| M.Yakovleva   | Other                  | 53                  | 1                   |
| Y.Poplavskiy  | Other                  | -                   | 33                  |
| <b>Total:</b> |                        | <b>1 484</b>        | <b>683</b>          |

### 21.6 Loans from related undertakings (note 17.1)

|                            | 31.12.2021<br>€'000 | 31.12.2020<br>€'000 |
|----------------------------|---------------------|---------------------|
| Loans from related parties | 65                  | 32                  |
| <b>Total:</b>              | <b>65</b>           | <b>32</b>           |

The loan from related parties was provided interest free, and has no specified repayment date.

## 22. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Group leases land. The relationship is formed by lease agreements for a period of 2 to 99 years, followed by an extension of the term by concluding additional agreements. Changing the terms of contracts and their early termination is possible by agreement of the parties or by a court decision. Under contracts, the group does not have the right to leaseback transactions after the lease term expires.

# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Obligations under lease agreements are repaid in UAH.

Lease payments are discounted at the interest rate implicit in the lease agreement. If such a rate cannot be readily determined, the Company uses the effective interest rate for attracting additional borrowings in the same currency calculated from the latest annual or interim statements prepared on the date of the agreement.

The Company's lease agreements relate to groups such as land.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| <b>Historical cost</b>          | <b>Land</b><br>€'000 | <b>Total</b><br>€'000 |
|---------------------------------|----------------------|-----------------------|
| As at 31 December 2019          | <b>2 162</b>         | <b>2 162</b>          |
| Additions                       | <b>24</b>            | <b>24</b>             |
| Disposal                        | (10)                 | (10)                  |
| Exchange differences            | (519)                | (519)                 |
| As at 31 December 2020          | <b>1 657</b>         | <b>1 657</b>          |
| Additions                       | 54                   | 54                    |
| Disposal                        | (476)                | (476)                 |
| Exchange differences            | 204                  | 204                   |
| As at 31 December 2021          | <b>1 439</b>         | <b>1 439</b>          |
| <b>Accumulated depreciation</b> | <b>Land</b><br>€'000 | <b>Total</b><br>€'000 |
| As at 31 December 2019          | <b>(300)</b>         | <b>(300)</b>          |
| Depreciation expense            | <b>(257)</b>         | <b>(257)</b>          |
| Disposal                        | 10                   | 10                    |
| Exchange differences            | 99                   | 99                    |
| As at 31 December 2020          | <b>(448)</b>         | <b>(448)</b>          |
| Depreciation expense            | (245)                | (245)                 |
| Disposal                        | 214                  | 214                   |
| Exchange differences            | 223                  | 223                   |
| As at 31 December 2021          | <b>(256)</b>         | <b>(256)</b>          |

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

|                          | <b>2021</b><br>€'000 | <b>2020I</b><br>€'000 |
|--------------------------|----------------------|-----------------------|
| <b>As at 1 January</b>   | <b>1 542</b>         | <b>2 150</b>          |
| Additions                | 54                   | 24                    |
| Accretion of interest    | 283                  | 352                   |
| Payments                 | (542)                | (508)                 |
| Exchange differences     | (56)                 | (476)                 |
| <b>As at 31 December</b> | <b>1 281</b>         | <b>1 542</b>          |
| Current                  | 197                  | 384                   |
| Non-current              | 1 084                | 1 158                 |

The following are the amounts recognised in profit or loss:

|   | <b>2021</b><br>€'000 | <b>2020I</b><br>€'000 |
|---|----------------------|-----------------------|
| Depreciation expense of right-of-use assets                       | 245                  | 257                   |
| Interest expense on lease liabilities                             | 283                  | 352                   |
| Expense relating to short-term leases (included in cost of sales) | 2                    | 55                    |
| <b>Total amount recognised in profit or loss</b>                  | <b>528</b>           | <b>664</b>            |

The Group had total cash outflows for leases of EUR 544 thousand in 2021 (EUR 482 thousand in 2020).

# AGROLIGA GROUP PLC

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Future minimum lease payments under lease agreements and the present value of net minimum lease payments as at 31 December 2021 were presented as follows.

### 23. CONTINGENT LIABILITIES

The tax treatment of the Group's overseas operations may be different to the treatment adopted by the relevant tax authorities. This may expose the Group to the risk of tax fines and penalties, their amount of which may be significant. No provision has been made in these financial statements in respect of this matter.

### 24. COMMITMENTS

The Group had no capital or other commitments as at 31 December 2021.

### 25. GOING CONCERN

Russia began a full-scale invasion of Ukraine on 24 February 2022, in an escalation of the Russo-Ukrainian military conflict that began in 2014. The invasion is the largest conventional military attack on a sovereign state in Europe since World War II.

Shortly afterwards, Russian Ground Forces entered Ukraine, prompting Ukrainian president Volodymyr Zelenskyy to enact martial law and general mobilization.

Consequences of Russo-Ukrainian War can cause the disruption of business operations and trade flows, higher commodity, and energy prices. Conditions and risks existing at the microeconomic level in the Group's environment can cause repeated losses in the future and make doubtful the possibility of the Group to continue as Going concern.

### 26. EVENTS AFTER THE REPORTING PERIOD

Agroliga Group combines a number of dynamically developing medium-sized companies, which operate in the agricultural sector of Ukraine. This Group of Companies cultivates 10 thousand hectares of land in the East of Ukraine, in Kharkiv and Dvurechansky District of Kharkiv Region. The main products of the Group of Companies: sunflower, sunflower oil, wheat and barley grain, corn, rape, buckwheat. The Group plans to continue expanding the land bank to 12.3 thousand hectares.

There were no other events after the reporting period which have a bearing on the understanding of the consolidated financial statements.

### 27. AUDITOR'S FEES

The details of the fees for the services contracted by entities of the Agroliga Group for the year ended 31 December 2021 with their respective auditors and other audit entities are as follows:

| <b>Auditor's fees</b> | <b>2021</b>  | <b>2020</b>  |
|-----------------------|--------------|--------------|
|                       | <b>€'000</b> | <b>€'000</b> |
| Kreston GCG Audit LLC | 10           | 10           |
| Kreston Proios Ltd    | 12           | 12           |
| <b>Total:</b>         | <b>22</b>    | <b>22</b>    |

The services provided by the auditors meet the independence requirements established under Audit of Accounts Law, accordingly they do not include the performance of any work that is incompatible with the auditing function.

# AGROLIGA GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

### 28. PERSONNEL AND STAFF COSTS

#### 28.1 Headcount

The table below depicts the Agroliga Group's average total headcount, measured in terms of full time equivalents, in 2021 and 2020.

| 28.1 Headcount              | Year ended | Year ended |
|-----------------------------|------------|------------|
|                             | 31.12.2021 | 31.12.2020 |
|                             | €'000      | €'000      |
| PLC "Agroliga Group"        | 2          | 2          |
| LLC "Agroliga Group"        | 4          | 4          |
| LLC "Agroliga"              | 30         | 30         |
| LLC "Vostokagrokontrakt"    | 11         | 11         |
| LLC "Agrocom Nova Vodolaga" | 306        | 306        |
| PE "Liga A"                 | 4          | 4          |
| PE "Mechnikovo"             | 27         | 27         |
|                             | 15         | 15         |
| LLC "Mayak"                 |            |            |
| LLC "Agroliga Polska"       | 2          | 2          |
| LLC "AGL Energy"            | 66         | 66         |
| LLC "Agroliga-Trade"        | 8          | 8          |
| LLC "Liga Trade TH"         | 8          | 8          |
| <b>Total:</b>               | <b>483</b> | <b>483</b> |

#### 28.2 Staff costs

In 2021 and 2020, the Group bore the costs of remuneration to employees in accordance with the rules of the current labour legislation of jurisdictions in which the group carries out its activities.

The table below depicts the Agroliga Group's total payments of employee benefits by categories, in 2021 and 2020.

| 28.2 Staff costs      | Year ended   | Year ended   |
|-----------------------|--------------|--------------|
|                       | 31.12.2021   | 31.12.2020   |
|                       | €'000        | €'000        |
| Wages and salaries    | 1 031        | 1 154        |
| Social security costs | 227          | 254          |
| Pension costs         | 84           | 49           |
| <b>Total:</b>         | <b>1 342</b> | <b>1 457</b> |

The Group does not undertake any additional health or pension obligation for employees.

The consolidated financial statements are available at:

<https://newconnect.pl/companies-card?isin=CY0101452114#reportsTab2>

<http://agroliga.com.ua/>