

INDEPENDENT AUDITOR'S REPORT

**To the shareholders of
Agria Group Holding AD
Varna**

Report on the audit of the separate financial statements

Audit opinion

We have audited the separate financial statements of **Agria Group Holding AD** (the Company), which comprise the separate statement of financial position as at December 31, 2021, the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, present on page 7 to 36.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Accounting Standards (IAS) adopted for implementation by the European Union (EU).

Basis for expressing an auditor's opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), and the ethical requirements of the Independent Financial Audit Act (IFAA), applicable to our audit of the separate financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of IFAA and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 2.4. *Subsidiaries. Consolidation* of the Notes to the separate financial statements. *"In order to get a complete picture of the financial condition, results of operations, as well as to change the financial condition of the Group as whole, users of these separate financial statements need to read it together with the consolidated financial statements of the Company for the year ended*

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December 31, 2021. The Company also prepares consolidated financial statements, which according to the regulatory requirements and traditions in our country are presented after approval of the separate financial statements. "

Our audit opinion is not modified in respect of this matter.

We draw attention to note 30 Other disclosures of the notes to the separate financial statements *"In connection with the need to limit and control the spread of the coronavirus (COVID-19) in the country, as of March 13, 2020, an emergency epidemic situation has been declared in Bulgaria. The restrictive measures taken by the Government throughout 2020 and 2021, which are mandatory for all individuals and legal entities, could lead to a decline in revenues, as well as to a reduction and slowdown in the cash flows generated by the Company. As a consequence, a reduction in the solvency of the Company can be expected, which will be reflected in the annual financial statements as of December 31, 2022. In the reporting year 2021, the management has successfully implemented certain stabilization measures, which limit the negative financial consequences on its activity. The Company relies on a similar effect in 2021, so that if the epidemic situation continues, this will not have a significant negative impact on its ability to continue as a going concern.*

- as disclosed in note 31.2 Events after the reporting period: *"In February 2022, as a result of the military conflict between Russia and Ukraine, some countries announced new packages of sanctions against the state debt of the Russia Federation and a number of Russian Banks, as well as personal sanctions against certain number of individuals Due to rising geopolitical tensions, since February 2022 there has been a significant increase in volatility in international grain, securities and currency markets, as well as a significant fall in the ruble against the US dollar and the EURO. These events are expected to affect the activities of Russian and Ukrainian enterprises in different sectors of the economy. The Company has no direct exposures to related parties and/or key customers or suppliers from these countries. The Company treats these events as non-correcting events after the reporting period, the quantitative effect of which cannot be measured at this time with a sufficient degree of assurance. Currently, the management of the Company analyzes the possible impact of changing micro- and macroeconomic conditions on the financial position of the Company and the group as a whole and the results of the activity."*

Our audit opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are these matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	<i>How this key audit matter was addressed in our audit</i>
<p>Valuation of investments and receivables in subsidiaries</p> <p>As disclosed in notes 6, 8 and 29 to the separate financial statements, the Company has investments in subsidiaries amounting to EUR 82 106 thousand, as well as receivables from subsidiaries (commercial and on loans granted), amounting to BGN 16 598 thousand. The activity of one part of the subsidiaries is concentrated in the field of production of agricultural production (grain) and of another part in the storage and trade of grain. At the same time, there are subsidiaries created for the realization of specific projects that projects are still in the initial business phase. Grain production is susceptible to the influence of factors not under the control of Company's management and, in addition, grain trading is under the influence of a highly competitive market environment. This implies a risk of overestimating investments in subsidiaries. The review and tests of the indicator guide and the need for impairment of these exposures (investments and receivables) are made in the context of its forecasts and intentions regarding future economic benefits and profitability that are expected to be obtained from subsidiaries. Its calculations shall apply material assumptions and estimates on its part regarding the measurement of the future collection of receivables, analyzing the future collectability of the company's overall exposure to each of these entities.</p> <p>Each of the subsidiaries is treated as a separate cash-generating entity and a number of factors are taken into account, such as: business specificity, business environment, expected sales volume growth, and other risks. Therefore, these estimates of management are inherently uncertain.</p> <p>Due to the fact that the process of determining the review and testing for possible impairment losses of the company's exposure in its subsidiaries involves multiple judgments and</p>	<p>In this area, our audit procedures comprised:</p> <ul style="list-style-type: none"> - Reviewing the Company's analyzes of its overall exposure to the subsidiaries and the potential for return. - analytical procedures regarding the main indicators of turnover of receivables from and payables to the subsidiaries in prior periods and the current year and after the end of the reporting period; - Assessment and verification of the completeness, relevance and adequacy of disclosures in the Company's separate financial statements regarding the measurement of investments and receivables from subsidiaries and the results of the impairment tests.

assumptions, and due to the materiality of the reporting object itself, as stated above, we have identified this issue as a key audit matter.

Fair value measurement of owned farmland

Notes 3.1 and 4 to the financial statements.

The Company has adopted to measure the agricultural land it owns at fair value, determined by an independent valuer at financial statements date . The assessment of agricultural land is a key issue for our audit, as it requires a substantial level of judgement and at the same time, agricultural land is an essential part of the Company's assets. The use of many assumptions in the preparation of valuations has been identified by us as a significant risk. The Company's policy is to use independent appraisers at least once a year. Property valuations contain assumptions such as expected rental income, employment levels, market transaction information, market assumptions, property development risk, etc.

Our audit procedures in this area include:

- studies on the objectivity, independence, and expertise of the external appraisers.
- we assessed the accuracy of the input data set in the appraisers' reports.
- we conducted a critical analysis of the main assumptions.
- we conducted additional procedures to evaluate the adequacy assessments.

Other matters

The Company's financial statements for the year ended December 31, 2020 had been audited by another auditor who expressed an unmodified auditor's report dated March 31, 2021.

Information other than the separate financial statements and auditor's report thereon

Management is responsible for the other information. The other information consists of the information included in the annual management report and the corporate governance statement prepared by the management in accordance with Chapter Seven of the Accountancy Act but does not include the separate financial statements and our auditor's report thereon, and this other information we received before the date of our audit report.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless explicitly stated in our report and to the extent stated.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to 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 management for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Accounting Standards, endorsed for application by the European Commission and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for supervision of the financial reporting process in the Company.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements 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 based on these financial statements.

As part of the audit in accordance with ISAs, we use professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

— Conclude on the appropriateness of management’s 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 Company’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 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 Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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.

Among the matters communicated to those charged with governance, we identify those matters that were most relevant to the audit of the separate financial statements for the current period, and which are therefore key audit matters.

We describe these matters in our auditor's report unless a law or a 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 and regulatory requirements

Additional matters to report in accordance with the Accountancy Act and Public Offering of Securities Act

In addition to our responsibilities and reporting in accordance with ISAs described above in “Information other than the separate financial statements and auditor’s report thereon” section with respect to the annual management report and the corporate governance statement, we have performed the procedures, in addition to those required under ISAs, in accordance with the Guidelines of the professional body of certified public accountants and registered auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA). These procedures refer to checks of the existence, form and content of this other information in order to support us in forming an opinion whether the other information contains the disclosures required by Chapter Seven of the Accountancy Act and by the

Public Offering of Securities Act (Art. 100m, par. 10 of the POSA in conjunction with Art. 100m, paragraph 8 (3) and (4) of the POSA), applicable in Bulgaria.

Opinion in relation with Art. 37, par. 6 of the Accountancy Act

Based on the procedures we have performed our opinion that:

- a) The information included in the annual management report for the financial year presented in the separate financial statements corresponds to those separate financial statements.
- b) The annual management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 100m, par 7 of the Public Offering of Securities Act.
- c) The corporate governance statement for the financial year presented in these financial statements, which is part of the annual management report, contains the information required by Chapter Seven of the Accountancy Act and Art. 100n, par. 8 of the Public Offering of Securities Act.
- d) The report for execution of the remuneration policy for the financial year for which the separate financial statements have been prepared, is presented, and meets the requirements, determined in art. 116a, par. 1 of the Public Offering of Securities Act.

Opinion in connection with Art. 100 (n), par.10 in connection with Art. 100 (n), par. 8, items 3 and 4 of the Public Offering of Securities Act

Based on the procedures performed and the acquired knowledge and understanding of the Company's activity and the environment in which it operates, in our opinion, the description of the main characteristics of the internal control and risk management systems of the enterprise in connection with the financial reporting process, which is part of the content of the declaration for corporate governance and the information under Art. 10 (1) (c), (d), (f), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on takeover bids do not contain cases of material misstatement.

Statement in connection with Art. 100 (n), par. 4, vol. 3, p."b"of Public Offering of Securities Act.

The information about related party transactions is disclosed in note 29 of the notes to the separate financial statements. Based on the audit procedures performed by us on related party transactions as part of our audit of the separate financial statements as a whole, no facts, circumstances or other information have come to our attention based on which to conclude that the related party transactions have not been disclosed in the accompanying financial statements for the year ended December 31, 2021, in all material respects, in accordance with the requirements of IAS 24 *Related Party Disclosures*. The results of our audit procedures on related party transactions were addressed by us in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on related party transactions.

Statement in connection with Art. 100m, par.4(3)(c) of the Public Offering of Securities Act

Our responsibilities for the audit of the financial statements, described in the “*Auditor’s responsibilities for the audit of the financial statements*” section of our report include an evaluation as to whether the separate financial statements present the significant transactions and events in a manner that achieves fair presentation. Based on the audit procedures performed by us on the significant transactions underlying the separate financial statements for the year ended December 31, 2021, no facts, circumstances, or other information have come to our attention based on which to conclude that there are material misrepresentations and disclosures in accordance with the relevant requirements of IASs as adopted by the European Commission. The results of our audit procedures on Company’s transactions and events significant for the separate financial statements were addressed by us in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on those significant transactions.

Reporting on compliance of the electronic format of the separate financial statements included in the annual separate financial report on the activity under Art. 100n, para 4 of POSA with the requirements of the EEF Regulation

In addition to our responsibilities and reporting under the ISA described above in the section "Auditor's responsibilities for auditing the separate financial statements", we have implemented the procedures under "Guidelines of the expression of an audit Opinion in relation to the application of the Unitary European Electronic Format (EEF) to the financial statements of companies whose securities are admitted to trading on a regulated market in the European Union (EU)" of the professional organisation of registered auditors in the Bulgaria, the Institute of Certified Public Accountants (IDES)".

These procedures concern the verification of the form and whether the human-readable part of this electronic format corresponds to the audited separate financial statement and the expression of an opinion regarding the compliance of the electronic format of the separate financial statements of Agria Group Holding AD for the year ending 31 December 2021, attached in the electronic file "8945006WNW5407G58156-20211231-EN-SEP.zip", with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council by means of regulatory technical standards for the definition of the unified electronic reporting format ('EEF Regulation'). On the basis of these requirements, the electronic format of the separate financial statements included in the annual separate activity report under Art. 100n, para. 4 of POSA must be presented in XHTML format.

The Management of the Company is responsible for the implementation of the requirements of the EEF Regulation when preparing the electronic format of the separate financial statements in XHTML.

Our opinion is only with respect to the electronic format of the separate financial statements attached in the electronic file "8945006WNW5407G58156-20211231-EN-SEP.zip and does not cover the other information included in the annual separate financial statement of the activity under Art. 100n, para. 4 of POSA.

Based on the procedures performed, our opinion is that the electronic format of the Company's separate financial statements for the year ending December 31, 2021, contained in the attached electronic file "8945006WNW5407G58156-20211231-EN-SEP.zip", on which we express an unmodified audit opinion, is prepared in all material respects in accordance with the requirements of the EEF Regulation.

Reporting in accordance with art. 10 of Regulation EC 537/2014 in connection to the requirements of art. 59 of the Independent Financial Audit Act

According to the requirements of the Independent Financial Audit Act in connection with art. 10 of Regulation EC 537/2014 we hereby declare in addition the information set out below.

Primorska Audit Company Ltd. has been appointed as the statutory auditor of the separate financial statements for the year ended December 31, 2021 of Agria Group Holding AD (the Company) by the General Meeting of the Company, held on June 29, 2021, for a period of one year. The audit commitment was accepted by an Engagement Letter dated September 20, 2021.

The audit of the Company's separate financial statements for the year ended December 31, 2021 is the first full continuous commitment to a statutory audit of this company performed by us.

We confirm that our audit opinion is in accordance with the additional report submitted to the Audit Committee of the Company in accordance with the requirements of Art. 60 of the Independent Financial Audit Act.

We confirm that we have not provided the in Art. 64 of the Independent Financial Audit Act prohibited services.

We confirm that in performing the audit we have kept our independence from the Company.

For the period to which our statutory audit relates, in addition to the audit, we have not provided services to the Company and its companies under control, which are not specified in the Company's activity report or separate financial statements.

Audit Company
Primorska Audit Company Ltd.
Registration number 086

Marian Nikolov
Registered auditor responsible for the audit
Registration number 0601

Iliya Iliev
Managing partner

March 24, 2022
Varna