

AGROTON PUBLIC LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022
AGROTON PUBLIC LIMITED

AGROTON PUBLIC LIMITED

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AGROTON PUBLIC LIMITED**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Iurii Zhuravlov Tamara Lapta Larysa Orlova Anna Ordovska Volodymyr Kudryavtsev	Chief Executive Officer Deputy Chief Executive Officer Chief Financial Officer Non-Executive Director Non-Executive Director
Audit Committee	Anna Ordovska Volodymyr Kudryavtsev	Head of the Committee Member of the Committee
Remuneration Committee	Anna Ordovska Volodymyr Kudryavtsev	Head of the Committee Member of the Committee
Secretary	Inter Jura Cy (Services) Limited	
Legal Advisors	K. Chrysostomides & Co LLC	
Registered office	1 Lampousas Street, 1095, Nicosia Cyprus	

AGROTON PUBLIC LIMITED**DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY
OFFICIAL RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL
STATEMENTS**

In accordance with article 9(3)(c) and (7) of the Transparency Requirements (Securities Listed for Trading on a Regulated Market) Law of 2007 (the “Law”), as amended from time to time, we, the Members of the Board of Directors and the Company official responsible for the preparation of the consolidated financial statements of Agroton Public Limited (the “Company”) for the year ended 31 December 2022, confirm that to the best of our knowledge:

- a) the annual consolidated financial statements presented on pages 13 to 73:
 - i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the provisions of article (9), section (4) of the Law, and
 - ii) give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Agroton Public Limited and of the entities included in the consolidated financial statements, as a whole and
- b) the Management Report provides a fair review of the developments and performance of the business as well as the position of Agroton Public Limited and of the entities included in the consolidated financial statements, as a whole, together with a description of the major risks and uncertainties that they face.

Members of the Board of Directors:

Iurii Zhuravlov	DocuSigned by: <i>Iurii Zhuravlov</i> D0CBF2437A934F0...
Tamara Lapta	Подписант: <i>Tamara Lapta</i> ADD28C8B38A843E
Larysa Orlova	DocuSigned by: <i>Larysa Orlova</i> 93D6631F304547B...
Anna Ordovska	Подписант: <i>Anna Ordovska</i> 55B168CB6477492...
Volodymyr Kudryavtsev	Подписант: <i>Volodymyr Kudryavtsev</i> 8589F4E361C2467...

Company official responsible for the preparation of the consolidated financial statements of the Company for the year ended 31 December 2022:

Larysa Orlova	DocuSigned by: <i>Larysa Orlova</i> 93D6631F304547B
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Nicosia, 20 June 2025

AGROTON PUBLIC LIMITED

MANAGEMENT REPORT

The Board of Directors of Agroton Public Limited (the “Company”) presents to the members its annual report together with the consolidated financial statements of the Company and of its subsidiary companies (together with the Company, the “Group”) for the year ended 31 December 2022.

INCORPORATION AND PRINCIPAL ACTIVITIES

Agroton Public Limited (the “Company”) was incorporated in Cyprus on 21 September 2009 as a public company with limited liability under the Cyprus Companies Law, Cap. 113. The Company was listed at the main market of Warsaw Stock Exchange on 8 November 2010.

The principal activities of the Group which remained the same as in the previous year, are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming). The poultry farming business has been temporarily abandoned due to the military clashes and armed conflict in Eastern Ukraine.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 13 to the consolidated financial statements.

The profit for the year attributable to the owners of the Company amounted to USD 5,593 thousand (2021: profit of USD 26,612 thousand).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The Group recorded a profit of USD 5,593 thousand compared to USD 26,612 the previous year.

The total Group's revenue for 2022 amounted to USD 24,578 thousand as compared to USD 57,317 thousand in 2021, recording an decrease of 57%, mainly due to military aggression of the Russian Federation.

The net asset position of the Group has decreased from USD 134,054 thousand as at 31 December 2021 to USD 101,948 thousand as at 31 December 2022.

The financial position of the Group for the year, as presented in the consolidated financial statements, is considered satisfactory.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend (2021: USD nil).

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

AGROTON PUBLIC LIMITED

MANAGEMENT REPORT (cont.)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group and the steps taken to manage these risks are described in note 34 to the consolidated financial statements.

Political and social events of the beginning of 2014 which resulted in the annexation of the Crimea by the Russian Federation and the loss of control by Ukraine over the territory of part of the Donetsk and Lugansk regions have remained unresolved. However, the intensity of hostilities has substantially decreased since the end of July 2020 upon agreeing on a ceasefire plan.

On 24 February 2022, the Russian Federation launched a full-scale military invasion of Ukraine. Broad security issues have become a challenge for the further stable development of economic and financial segments in Ukraine, and the operating environment since then remains risky and has a high level of uncertainty. The economic impact is likely to take time to assess, given the rapid nature of the situation and the unpredictability of war.

After the start of a full-scale military attack, fighting still continues, causing thousands of civilian casualties. Russian attacks are aimed at destroying civilian and critical infrastructure throughout Ukraine.

The situation is complicated by significant fluctuations in the exchange rate of the national currency. Stabilization of the economic situation in Ukraine will largely depend on the effectiveness of fiscal and other economic measures to be taken by the Government of Ukraine. At the same time, there is no clear idea of what exactly the Government will do to overcome the crisis, therefore it is impossible to reliably assess the effect of the current economic situation on the Company's financial condition. The result is uncertainty that may affect future operations and the ability to preserve the value of its assets.

Further stabilization of the economic and political situation largely depends on the success of the efforts of the Ukrainian government, but in a period of full-scale war it is difficult to predict further economic and political development.

The Ukraine's cooperation with the International Monetary Fund (IMF) is key for its macroeconomic stability. In June 2020, the IMF approved a USD 5 billion 18-month stand-by arrangement (SBA) aimed to address large balance-of-payments and fiscal financing needs, preserve achievements to date, and advance a small set of key structural reforms to ensure that Ukraine is well-poised to return to growth when the crisis ends. Ukraine received the first tranche of USD 2.1 billion under this SBA in June 2020. In July 2020, Ukraine also issued a USD 2 billion bonds due in 2033. This, to large extent, enabled Ukraine to meet its 2020 obligations under sovereign debt. More than 10 billion was additionally raised during 2022.

Whilst management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group's results and financial position in a manner not currently determinable. These consolidated financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year except those are mentioned in notes to the consolidated financial statements.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors has adopted the Code of Corporate Governance (the "Code") of the Warsaw Stock Exchange ("WSE") which is available in the WSE website.

AGROTON PUBLIC LIMITED**MANAGEMENT REPORT (cont.)****STATEMENT ON CORPORATE GOVERNANCE (cont.)**

At present, the Corporate Governance Code is not fully implemented. There are specific provisions of the Code which cannot be adopted since they are either contrary to and/or do not accord with the provisions of the Articles of Association of the Company, or they cannot be adopted due to the recent developments in Eastern Ukraine. The Board of Directors will endeavor to remedy these as soon as practicable.

The Board of Directors ensures through effective internal audit and risk management procedures the collection of the necessary items for the preparation of the periodic reporting required for listed companies.

The Company is governed by the Board of Directors. Companies formed under the Cyprus Companies Law, Cap. 113, do not have supervisory board and management board. Cyprus companies have a Board of Directors, members of which are appointed to fill certain executive and non-executive positions. The management of the business and the conduct of the affairs of the Company are vested in the Board of Directors. The Board of Directors comprises five members, three of which are non-independent and the remaining two are independent. This is in compliance with the provisions of the Articles of Association of the Company, which requires that the Board of Directors comprise by at least two Directors, two of which shall be independent.

Directors are appointed at general meetings. There is no requirement in the Articles of Association for the retirement of Directors by rotation, thus all Directors continue in office, unless they resign or following an ordinary resolution from the Company shareholders.

The Company has an Audit Committee and a Remuneration Committee. Both committees comprise two members, both of which are non-executive. Analysis of their responsibilities is disclosed separately in this report.

No benefits or emoluments were paid to Directors by the Company.

The interest in the Group's share capital held directly or indirectly by each member of the Board of Directors at 31 December 2022 and 31 December 2021 are disclosed below.

The owners holding directly or indirectly more than 5% interest in the Group's share capital at 31 December 2022 and at 31 December 2021 are disclosed below.

There are currently no shares in issue holding special or limited rights.

The Board of Directors can proceed with the issue of shares following an ordinary resolution from the Group owners. For the repurchase of the Group shares a special resolution from the Company's owners is required, in accordance with the provisions of Section 57 of Cyprus Companies Law.

The Report on Corporate Governance has been prepared in accordance with the provisions of the Code and includes the above mentioned explanations, as well as the information required by the relevant Article of the Directive.

OWNERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARE CAPITAL

The owners holding directly or indirectly more than 5% interest in the Company's share capital at 31 December 2021 and at 31 December 2022 were as follows:

	31 December 2021, %	31 December 2022, %
Iurii Zhuravlov	77.77	85.40
Other	22.23	14.60

AGROTON PUBLIC LIMITED**MANAGEMENT REPORT (cont.)****DIRECTORS' INTEREST IN THE COMPANY'S SHARE CAPITAL**

In accordance with Article 4(b) of the Cyprus Securities and Exchange Commission Directive the interest in the Company's share capital held directly or indirectly by each member of the Board of Directors as at 31 December 2021 and as at 31 December 2021 were as follows:

	31 December 2021, %	31 December 2022,%
Iurii Zhuravlov	77.77	85.40
Tamara Lapta	-	-
Larysa Orlova	-	-
Anna Ordovska	-	-
Volodymyr Kudryavtsev	-	-

BOARD OF DIRECTORS

The members of the Board of Directors at 31 December 2022 and at the date of this report are presented on page 1.

There is no requirement in the Company's Articles of Association for the retirement of Directors by rotation, thus 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.

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Directors are responsible for formulating, reviewing and approving the Company's and its subsidiary companies strategies, budgets, certain items of capital expenditures and senior personnel appointments. Being a company listed on the Warsaw Stock Exchange, the Directors have established audit and remuneration committees to improve corporate governance.

The Audit Committee and Remuneration Committee, were established on 4 May 2010 both of which were in force during the year ended 31 December 2022 and continued in force at the date of this report.

The Audit Committee assists the Company's Board of Directors in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the annual consolidated financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual consolidated financial statements and the half yearly financial statements remains with the Board of Directors. The Audit Committee of the Company, comprising of Ms. Anna Ordovska and Mr. Volodymyr Kudryavstev and is chaired by Ms. Anna Ordovska.

The Remuneration Committee assists the Board of Directors in discharging its responsibilities in relation to remuneration, including making recommendations to the Board of Directors and/or the general meeting of the shareholders of the Company on the policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level.

AGROTON PUBLIC LIMITED**MANAGEMENT REPORT (cont.)****AUDIT COMMITTEE AND REMUNERATION COMMITTEE (cont.)**

The Remuneration Committee of the Company, comprising of Ms. Anna Ordovska and Mr. Volodymyr Kudryavtsev (both Non-Executive Directors), and is chaired by Ms. Anna Ordovska and sets and review the scale and structure of the Executive Directors' remuneration packages, including share options and the terms of their service contracts.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the reporting period are described in note 32 to the consolidated financial statements.


BRANCHES

The Group did not operate through any registered branches during the year ended 31 December 2022.

RELATED PARTY BALANCES AND TRANSACTIONS

Disclosed in note 30 to the consolidated financial statements.

By order of the Board of Directors,

DocuSigned by:

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Larysa Orlova

Nicosia, 20 June 2025

**AGROTON PUBLIC LIMITED****Independent Auditor's Report****To the Members of Agroton Public Limited****Report on the Audit of the Consolidated Financial Statements****Qualified Opinion**

We have audited the consolidated financial statements of Agroton Public Limited (the "Company") and its subsidiaries (the "Group"), which are presented in pages 13 to 73 and comprise the consolidated statement of financial position as at 31 December 2022, 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 of the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

Because we were appointed auditors of the Group during 2024, we were not able to observe the counting of the physical inventories at the beginning of that period or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 2021. Our audit opinion on the consolidated financial statements for the period ended 31 December 2021 was modified accordingly. Our opinion on the current period's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Basis for qualified opinion" and "Material uncertainty related to going concern" sections, we have determined the matters described below to be the key audit matters to be communicated in our report.



AGROTON PUBLIC LIMITED

Independent Auditor's Report (continued)

To the Members of Agroton Public Limited

Key Audit Matters (continued)

Valuation of biological assets

Refer to Notes 7, 19 (biological assets) and to Note 35 (fair values) to the consolidated financial statements. of the consolidated financial statements.

The key audit matter

The Group's biological assets consist of agricultural crops and animals in growing and fattening, which are measured at fair value less estimated costs to sell.

Due to the nature of the asset, the valuation technique includes a number of inputs from mostly internal sources. Consequently, we have determined the valuation of biological assets to be a key audit matter.

How the matter was addressed in our audit

Our audit approach in this area included, among others:

Considering the appropriateness of the valuation methodology by reviewing the valuation expert's report on the methodology used by the Group for the valuation of animals and agreeing its consistency with IFRS. The competencies of the expert were also assessed;

Compare amounts reported in the financial statements with those included in the valuation report. Back up inputs used to external observable data such as market prices;

Challenging the inputs used by the Group in calculating the cost of agricultural crops and assessing the sources used to determine their fair values by:

- Vouching to supporting documentation in order to verify the cost of crops which is an approximation of their Fair Value;
- Verifying quantities harvested to current and post year-end sales.

Testing the mathematical accuracy of the model;

Evaluating the adequacy of the consolidated financial statements disclosures.

AGROTON PUBLIC LIMITED

Independent Auditor's Report (continued)

To the Members of Agroton Public Limited

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report and the corporate governance statement, 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.

With regards to the management report and the corporate governance statement, our report is presented in "Report on other legal and regulatory requirements" section.

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 IFRSs 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.

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

- 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.

AGROTON PUBLIC LIMITED

Independent Auditor's Report (continued)

To the Members of Agroton Public Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 and 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.

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.

Report on Other Legal and regulatory requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of EU Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of FISAs.

1. Appointment of the Auditor and Period of Engagement

We were appointed as auditors of the Group on by the General Meeting of the Company's members on 21 May 2024. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 4 years covering the periods ended 31 December 2019 to 31 December 2022.

2. Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 20 June 2025 in accordance with Article 11 of the EU Regulation 537/2014.

AGROTON PUBLIC LIMITED

3. Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements or the Consolidated Management Report.

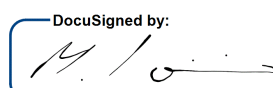
Other Legal Requirements

Pursuant to the additional requirements of law L.53 (I) 2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the Management Report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.
- In our opinion, the information included in the Corporate Governance Report in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Companies Law, Cap. 113 and is consistent with the financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Corporate Governance Report in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, the Corporate Governance Report includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

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.

DocuSigned by:

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Avraam Kapiri
 Certified Public Accountant and Registered Auditor
 for and on behalf of

Exsus Ltd
Chartered Accountants
 12, Mykinon Street
 Office 11, 1st Floor,
 LAVINIA COURT,
 1065, Nicosia, Cyprus

Nicosia, 20 June 2025

AGROTON PUBLIC LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOMEFor the year ended 31 December 2022

	Note	2022	2021
Continuing operations			
Revenue	5	24,578	57,317
Cost of sales	6	(16,641)	(44,132)
Net change in fair value less cost to sell of biological assets and agricultural produce	7	(205)	25,358
Gross profit		7,732	38,543
Other operating income	8	1,856	304
Administrative expenses	9	(933)	(5,941)
Distribution expenses	10	(79)	(1,092)
Other operating expenses	11	(2,411)	(4,676)
Operating (loss)/ profit	12	6,165	27,138
Fair value gains/ (losses) on financial assets at fair value through profit or loss		(1,330)	-
		4,835	27,138
Finance income	13	780	7,299
Finance costs	13	(17)	(7,746)
Net finance income	13	763	(447)
Profit before taxation		5,598	26,691
Taxation		(5)	(79)
Profit for the year		5,593	26,612
Other comprehensive expense			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effect of translation into presentation currency		(37,699)	5,889
Total comprehensive income		(32,106)	32,501
Profit attributable to:			
Owners of the Company		5,587	26,585
Non-controlling interests		6	27
		5,593	26,612
Total comprehensive income attributable to:			
Owners of the Company		(32,095)	32,516
Non-controlling interests		(11)	(15)
		(32,106)	32,501
Profit per share			
Basic and fully diluted profit per share (USD)	29	0.26	1.23

AGROTON PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs at 31 December 2022*(in USD thousand, unless otherwise stated)*

	Note	2022	2021
Assets			
Property, plant and equipment	16	18,008	25,567
Right-of-use assets	17	-	10,391
Intangible assets	18	12	18
Biological assets	19	586	695
Non-current assets		18,606	36,671
Inventories	22	13,723	56,296
Biological assets	19	22,499	11,317
Investments designated at fair value through profit or loss	20	13,163	14,250
Trade and other receivables	23	3,161	3,179
Loans receivable	21	22,137	18,549
Assets held for sale		11	14
Cash and cash equivalents	24	12,785	13,065
Current assets		87,479	116,670
Total assets		106,085	153,341
Equity			
Share capital	25	661	661
Share premium	25	88,532	88,532
Accumulated loss		35,663	30,076
Foreign currency translation reserve		(23,173)	14,509
Equity attributable to owners of the Company		101,683	133,778
Non-controlling interests		265	276
Total equity		101,948	134,054
Liabilities			
Lease liabilities	27	-	11,360
Non-current liabilities		-	11,360
Lease liabilities	27	-	4,250
Loans and borrowings	26	-	128
Trade and other payables	28	3,733	3,146
Income tax liability		404	403
Current liabilities		4,137	7,927
Total liabilities		4,137	19,287
Total equity and liabilities		106,085	153,341

On 20 June 2025 the Board of Directors of Agroton Public Limited approved and authorised these consolidated financial statements for issue.

Подписант:

 ADD28C8B38A843E...
 Tamara Lapta
 Deputy Chief Executive Officer

DocuSigned by:

 93D6631F304547B...
 Larysa Orlova
 Chief Financial Officer

The notes on pages 18 to 73 are an integral part of these consolidated financial statements

AGROTON PUBLIC LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2022*(in USD thousand, unless otherwise stated)*

	Attributable to owners of the Company				Total	Non- controlling interests	Total equity
	Share capital	Share premium	Accumulated loss	Foreign currency translation reserve			
Balance at 1 January 2021	661	88,532	3,491	8,620	101,304	264	101,568
Comprehensive income							
Profit for the year	-	-	26,585	-	26,585	27	26,612
Other comprehensive expense for the year	-	-	-	5,889	5,889	(15)	5,874
Total comprehensive income for the year	-	-	26,585	5,889	32,474	12	32,486
Balance at 31 December 2021	661	88,532	30,076	14,509	133,778	276	134,054
Comprehensive income							
Profit for the year	-	-	5,587	-	5,587	6	5,593
Other comprehensive expense for the year	-	-	-	(37,682)	(37,682)	(17)	(37,699)
Total comprehensive income for the year	-	-	5,587	(37,682)	(32,095)	(11)	(32,106)
Balance at 31 December 2022	661	88,532	35,663	(23,173)	101,683	265	101,948

The notes on pages 18 to 73 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont.)**
For the year ended 31 December 2022*(in USD thousand, unless otherwise stated)*

- In accordance with the Cyprus Companies Law, Cap. 113, Section 55 (2) the share premium reserve can only be used by the Company in (a) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares; (b) writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (c) providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the Company.
- Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the owners.

The above requirement of the Law is not applied in the case of the Company due to the fact that its owners are not residents in Cyprus for tax purposes.

The notes on pages 18 to 73 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWSFor the year ended 31 December 2022

	Note	2022	2021
Cash flows from operating activities:			
Profit for the year		5,593	26,612
Adjustments for:			-
Depreciation	15	2,174	6,032
Amortisation	15	3	10
Fair value losses on financial assets at fair value through profit or loss		1,330	-
Wastages and impairment of inventories	11	-	4,246
Gain from changes in fair value less cost to sell of biological assets and agriculture produce	7	205	(25,358)
Impairment of loans receivable		-	-
Impairment of trade and other receivables	23	125	1,166
Reversal of provision for bad debts	23	-	-
Reversal of impairment of PPE		-	-
Interest income	13	(396)	(46)
Interest expense	13	-	2,044
Trade payables written-off		-	-
Loss on disposal of property, plant and equipment	11	13	-
Loss on disposal of current assets		690	-
Loss on disposal of right-of use assets	11	(1,772)	-
Foreign exchange loss/(gain)	13	(367)	(1,551)
Income tax expense		5	79
Cash flow used in operations before working capital changes		7,603	13,234
Decrease in inventories		39,129	(19,114)
(Increase)/decrease in biological assets		(11,278)	(2,892)
Decrease/(increase) in trade and other receivables		(430)	1,446
(Decrease)/increase in trade and other payables		459	(288)
Net cash from operating activities		35,483	(7,614)
Income tax paid		(4)	(182)
Net cash from operating activities		35,479	(7,796)
Cash flow from investing activities			
Acquisition of property, plant and equipment	16	(1,128)	(7,295)
Acquisition of intangible assets	18	(1)	-
Proceeds from disposal of property, plant and equipment		(13)	-
Acquisition of investments at FVTPL		(243)	-
Redemption of investments at FVTPL		-	-
Interest received		396	46
Net cash used in investing activities		(989)	(7,249)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		-	(1,877)
Repayment of interest portion of lease liabilities		-	(2,044)
Repayment of loans and borrowings		(3,588)	-
Net cash used in financing activities		(3,588)	(3,921)
Net increase in cash and cash equivalents		30,902	(18,966)
Cash and cash equivalents at the beginning of the year		13,065	25,055
Effect from translation into presentation currency		(31,182)	6,976
Cash and cash equivalents at the end of the year	24	12,785	13,065

The notes on pages 18 to 73 are an integral part of these consolidated financial statements.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**1. GENERAL INFORMATION****Country of incorporation**

Agroton Public Limited (the “Company”) was incorporated in Cyprus on 21 September 2009 as a public company with limited liability under the Cyprus Companies Law, Cap. 113. The Company was listed at the main market of Warsaw Stock Exchange on 8 November 2010.

The Company’s registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

Principal activities

The principal activities of the Group are grain and oil crops growing, agricultural products storage and sale, cattle breeding (milk cattle-breeding, poultry farming) and milk processing. The poultry farming business has been temporarily abandoned due to the military clashes and armed conflict in Eastern Ukraine.

The Group's subsidiaries, country of incorporation, and effective ownership percentages are disclosed below:

Company name	Country of incorporation	Ownership Interest 31.12.2022	Ownership Interest 31.12.2021
Living LLC	Ukraine	99,99 %	99,99 %
PE Agricultural Production Firm Agro	Ukraine	99,99 %	99,99 %
Agroton PJSC	Ukraine	99,99 %	99,99 %
OJSC Belokurakinskiy Elevator	Ukraine	99,99 %	99,99 %
Agro Meta LLC (i)	Ukraine	99,99 %	99,99 %
ALLC Noviy Shlyah	Ukraine	99,99 %	99,99 %
ALLC Shykyvske	Ukraine	94,59 %	94,59 %
Agro-Chornukhynski Kurchata LLC	Ukraine	99,89 %	99,89 %
LLC Siverskiy Elevator	Ukraine	100,00 %	100,00 %

(i) Agro Meta LLC is in the process of liquidation.

The parent company of the Group is Agroton Public Limited with an issued share capital of 21 670 000 ordinary shares.

The shares at 31 December 2022 and as at the date of issue of these consolidated financial statements were distributed as follows:

Shareholder	31 December 2021		31 December 2022	
	Number of Shares	Ownership interest, %	Number of Shares	Ownership interest, %
Mr. Iurii Zhuravlov	16,851,979	77.77 %	18,506,665	85.40 %
Others	4,818,021	22.23 %	3,163,335	14.60 %
	21,670,000	100.00 %	21,670,000	100.00 %

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**1. GENERAL INFORMATION (cont.)****2. BASIS OF PREPARATION**

These consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the financial statements of the Company and its subsidiaries (together with the Company, the "Group").

The Company has subsidiary undertakings and according to 142(1)(b) of the Cyprus Companies Law Cap.113 is required to prepare consolidated financial statements and present them before the members of the Company at the Annual General Meeting.

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union ('EU'), and the requirements of the Cyprus Companies Law, Cap. 113, and are for the year ended 31 December 2022.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the following:

- biological assets and agricultural produce, which are stated at fair value less costs to sell (agricultural produce is measured at fair value at the point of harvest)
- debt securities which are stated at amortised cost
- Investments designated at fair value through profit or loss.

2.3 Functional and presentation currency

The functional currencies of the companies of the Group are the Ukrainian Hryvnia (UAH) and United States Dollar (USD). The currency of Cyprus is Euro, but the principal exposure of the parent undertaking is in US dollars, therefore the functional currency of the Company is considered to be USD. Transactions in currencies other than the functional currency of the Group's companies are treated as transactions in foreign currencies. The Group's management decided to use US dollar (USD) as the presentation currency for financial and management reporting purposes. Exchange differences arising are classified as equity and transferred to the translation reserve.

2. BASIS OF PREPARATION (cont.)**2.4 Going concern basis**

These consolidated financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Group's assets, and the future activities of the Group, are significantly influenced by the current and future economic environment in Ukraine. The Board of Directors and Management are closely monitoring the challenging conditions in the domestic markets as described in note 34 to the consolidated financial statements and has assessed the current situation and there is no indication of adverse effects while at the same time are taking all the steps to secure Group's short- and long-term viability. To this effect, they consider that the Group is able to continue its operations as a going concern.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**2.5 Standards and interpretations*****Adoption of new and revised International Financial Reporting Standards and Interpretations***

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied accounting policies set out in this note to all years presented in these consolidated financial statements. The accounting policies of subsidiaries have been changed where necessary to achieve consistent application of the accounting policies applied by the Group.

3.1 Basis of consolidation***Subsidiaries***

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries acquired or disposed during the year are included in the consolidated statement of profit or loss from the date that control commences until the date control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the accounting policies of the Group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as transactions with owners acting in their capacity as owners. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

When the Group loses control of a subsidiary, the resulting profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The resulting profit or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 recognised in profit or loss as incurred.

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.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.1 Basis of consolidation (cont.)**

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 recognised immediately in profit or loss as a bargain purchase gain.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised 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 recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- 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.

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 recognised 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 recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured 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 recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.1 Basis of consolidation (cont.)***Business combinations (cont.)*

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 recognised at that date.

Non-controlling interest (NCI)

NCI is represented by interest in the subsidiaries not owned by the Group. It is determined at the reporting period as interest in the fair value of identified assets and liabilities of the subsidiary at the date of acquisition or creation of a new subsidiary, as well as interest in change in net assets of a subsidiary after the acquisition or creation of a new subsidiary.

The Group provides information on NCI in net assets of subsidiaries and companies not connected with formal structure and not having a common parent company separately from items of equity attributable to the owners of the parent company.

3.2 Foreign currency translation*(a) Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities are translated into the functional currency of each company included into the Group, at the rates ruling at the reporting period. Foreign exchange gains and losses, arising from transactions in foreign currency, and also from translation of monetary assets and liabilities into the functional currency of each company included into the Group at the rate ruling at the end of the year, are recognised in profit or loss.

The exchange rates used in preparation of these consolidated financial statements, are as follows:

Currency	31 December 2022	Weighted average for the year 2022	31 December 2021	Weighted average for the year 2021
US dollar - UAH	36.5686	32.3684	27,2782	27,2862

The strengthening of the UAH against USD has resulted in the increase of various values disclosed in the consolidated financial statements of profit or loss and financial position. This increase is applicable only in case of translation into presentation currency.

The foreign currencies may be freely convertible to the territory of Ukraine at the exchange rate which is close to the exchange rate established by the National Bank of Ukraine. At the moment, the Ukrainian Hryvnia is not a freely convertible currency outside the Ukraine.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.2 Foreign currency translation (cont.)

(b) Presentation currency

The financial results and position of each subsidiary are translated into the presentation currency as follows:

- At each reporting period of the consolidated financial statements all the assets and liabilities are translated at the exchange rate of the National Bank of Ukraine and of the European Central Bank at that date;
- Income and expenses are translated at the average exchange rates (except for the cases when such average exchange rate is not a reasonably approximate value reflecting cumulative influence of all exchange rates prevailing at the date of transaction, in which case income and expenses are translated at the exchange rates at the date of transaction);
- All exchange differences are recognised in other comprehensive income.

3.3 Property, plant and equipment

Initial recognition of property, plant and equipment ("PPE")

Property plant and equipment is recognised by the Group as an asset only when:

- it is probable that the Group will receive certain future economic benefits;
- the historical cost can be assessed in a reliable way;
- it is intended for use during more than one operating cycle (usually more than 12 months).

Expenses after the initial recognition of property, plant and equipment

Any subsequent expenses, increasing the future economic benefits from the asset, are treated as additions. Otherwise, the Group recognises subsequent expenses to profit or loss of the year, in which they are incurred. The Group divides all expenses, related to the property, plant and equipment, into the following types:

- current repairs and expenses for maintenance and technical service;
- capital impairment, including modernisation.

Subsequent measurement of property, plant and equipment

After initial recognition as an asset, the Group applies the model of accounting for the property, plant and equipment at historical cost, net of accumulated depreciation and any accumulated losses from impairment, taking into account estimated residual values of such assets at the end of their useful lives. Such cost includes the cost of replacing significant parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced from time to time, the Group recognises such parts as individual assets with specific estimated useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying value of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss of the year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives agreed upon with the technical personnel of the Group.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.3 Property, plant and equipment (cont.)**

The estimated useful lives of property, plant and equipment are as follows:

Construction in progress	Not depreciated
Buildings	10-75 years
Machinery and equipment	2-30 years
Vehicles	2-15 years
Computers and office equipment	1-10 years
Instruments, tools and other equipment	1-10 years

Residual values and useful lives of assets are reviewed at each reporting period and adjusted if appropriate. The acquired asset is depreciated starting from the following month of the date of placing into operation and depreciation is fully accumulated when useful life ends.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss of the year in which the asset is derecognised.

Impairment

At each reporting period the Group evaluates whether any indicators of possible impairment of an asset exist. If the recoverable value of an asset or a group of assets within property, plant and equipment is lower than their carrying (residual) value, the Group recognises such asset or group of assets as impaired, and accrues a provision for impairment of the amount of excess of the carrying value over the recoverable value of the asset. Impairment losses are recognised immediately in profit or loss.

Assets under construction

Assets under construction comprise costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of the construction in progress, on the same basis as for other property, plant and equipment items, commences when the assets are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.4 Intangible assets**

For the purpose of preparation of the consolidated financial statements, the Group defines the following groups of the intangible assets: computer software and land lease rights.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised in profit or loss of the year in which they are incurred. Computer software are amortised on a straight-line basis over their useful lives, usually 5 years. Amortisation starts from the following year of the date of placing into operation and is fully accumulated when useful life ends.

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted accordingly.

Land lease rights - policy applicable before 1 January 2019

Land lease rights acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Land lease rights acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, land lease rights acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as land lease rights acquired separately.

Amortisation of land lease rights is recognised on a straight-line basis over their estimated useful lives. For land lease rights, the amortisation period is 10 years.

The amortisation period and the amortisation method for land lease rights are reviewed at least at the end of each reporting period, with the effect of any changes in estimate being accounted for prospectively.

As a result of IFRS 16 adoption, land lease rights were derecognised on 1 January 2019.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss of the year in which the asset is derecognised.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.5 Financial instruments*****a) Financial assets******(i) Recognition and initial measurement***

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.5 Financial instruments (cont.)

a) Financial assets (cont.)

(ii) Classification and subsequent measurement (cont.)

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fairvalue basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.5 Financial instruments (cont.)*****a) Financial assets (cont.)******(ii) Classification and subsequent measurement (cont.)****Subsequent measurement and gains and losses*

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets

The Group uses the expected credit loss (ECL) model to measure impairment. The ECL model applies to financial assets measured at amortised cost.

The financial assets at amortised cost consist of trade receivables, loans receivable and cash and cash equivalents.

Loss allowances are measured on either of the following bases:

- 12-month ECLs; these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs; these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period which the over Group is exposed to credit risk.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.5 Financial instruments (cont.)*****a) Financial assets (cont.)****(iii) Impairment of financial assets (cont.)**Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting period, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

b) Financial liabilities*(i) Recognition and initial measurement*

Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its issue.

(ii) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.5 Financial instruments (cont.)

b) Financial liabilities (cont.)

(iv) Offsetting

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 recognised amounts and there is an intention to settle on a net basis, or to realise 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.

3.6 Inventories

The Group identifies the following types of inventories:

- raw and other materials (including principal and auxiliary industrial raw and other materials; agricultural purpose materials);
- work-in-progress (including semi-finished products);
- agricultural produce;
- finished goods;
- goods in stock;
- other inventories (including fuel, packaging, construction materials, spare parts, low value items, other materials and consumable supplies).

Work in progress includes the costs incurred during the period, but relating to the preparation of crop areas under sowing for future reporting periods.

Agricultural products derived from biological assets are measured at fair value less costs to sell at the point of harvest. Profit or loss arising upon initial recognition of agricultural products at fair value less estimated costs to sell is recorded in profit or loss as gain/(loss) from changes in value of biological assets and agricultural produce.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) principle and includes all expenses for acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and preliminary estimated distribution and selling costs.

The Group regularly reviews inventories to determine whether there are any indicators of damage, obsolescence, slow movement, or a decrease in net realisable price. When such events take place, the amount by which inventories are impaired, is reported in profit or loss.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.6 Inventories (cont.)***Impairment of inventories*

Cost of inventories may be irrecoverable if the realisable value for such inventories has decreased due to their damage, whole or partial obsolescence or resulting from changes in market prices. Cost of inventories may be irrecoverable if possible costs for completion or sale have increased.

Raw and other materials in inventories are not written-off below cost, if finished goods, in which they will be included, will be sold at cost or above. However, when decrease in price for raw materials indicates that cost of finished goods will exceed the net realisable value, raw materials are written off to the net realisation value.

At each reporting period the Group analyses inventories to determine whether they are damaged, obsolete or slow-moving or whether their net realisable value has declined. If such situation occurred, the amount by which inventories are impaired is recorded in profit or loss.

3.7 Biological assets

The following groups of biological assets are distinguished by the Group:

- (a) current – with useful life of 1 year, including:
 - agricultural crops (winter crops, spring crops and industrial crops);
 - animals in growing and fattening (cattle);
- (b) non-current – with useful life over 1 year:
 - work and productive livestock (cattle, etc.).

Biological asset is an animal or plant which in the process of biological transformations can create agricultural products or additional biological assets, as well as bring economic benefits in other ways.

Biological assets are measured at fair value less estimated costs to sell, except in case where fair value cannot be determined reliably. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs.

If there is an active market for a biological asset or agricultural produce, the Group determines the fair value of assets based on their quoted price in the market. If the Group has access to several markets, the definition of fair value is based on the market, which may be used by the Group with the highest probability.

In the absence of an active market, the Group uses one or more of the following indicators to determine the fair value of biological assets:

- price of the most recent transaction in the market, provided that in the period between the date of the transaction and the reporting date there were no significant changes of economic conditions;
- market prices for similar goods;
- sectorial indices.

In case where there are no market prices or other value indicators to determine the fair value in respect of the biological asset at a particular time, the Group uses the discounted value of the asset's expected net cash flows, while applying a discount coefficient, calculated on the basis of current market conditions for cash flow before tax.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(in USD thousand, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.7 Biological assets (cont.)

Where there is no information about market prices upon the initial recognition of biological asset, and alternative estimates of fair value are clearly unreliable, such biological asset is valued at cost less accumulated depreciation and impairment losses. Once there is the possibility to determine the fair value of biological assets with reasonable reliability, the biological asset is revalued at fair value less estimated costs to sell (this principle applies only at initial recognition of the biological asset). If the Group has previously valued the biological asset at fair value less estimated costs to sell, this biological asset is recorded at fair value less estimated costs to sell up to the moment of its disposal.

The difference between the fair value less estimated costs to sell and production cost of biological assets is recorded in profit or loss as gain/(loss) from changes in value of biological assets and agricultural products.

Biological assets and future harvest costs

Cost of crops for future harvest consists of actual costs incurred in growing harvest (including lease expenses, costs of land preparation, planting, fertilising, processing, collection, storage). The fair value of winter crops at the end of the year is approximate to its cost due to a minor biological transformation of seeds at the end of the year, significant impact of cultivation quality, weather conditions and precipitation on future harvest, variations in market demand for future harvest. Crops for future harvest are measured at cost.

3.8 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, cash in transit, issued letters of credit and call deposits.

3.9 Impairment of non-current assets

The Group assesses at each reporting period the carrying value of its non-current assets to determine whether there is any objective evidence that non-current assets are impaired. If any such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

The expected recoverable amount of a cash-generating unit is the highest of the cash-generating unit's selling value and its value in use. In estimating value in use, the future cash flows are discounted to present value using a discount rate before taxation which reflects current market assessments of the time value of money and the risks specific to the asset.

If the expected recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) shall be reduced to its recoverable amount. That reduction is an impairment loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation deficit. If the impairment loss is reversed subsequently, then carrying value of an asset (or cash-generating unit) increases to the revised and estimated amount of its recoverable amount, where increased carrying value does not exceed the carrying value which could be determined only in that case if impairment loss for an asset (or cash-generating unit) was not recognised in the previous years. Reversal of the impairment loss is recognised in profit or loss.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.10 Advances issued and other accounts receivable which are not financial assets**

Advances issued are recorded at nominal value less value added tax and any accumulated impairment losses. Other current assets are recorded at nominal cost less accumulated impairment losses.

Impairment of advances issued is recognised if there is objective evidence that repayment of the full amount of the debt does not occur within the contract terms, including the incoming information about substantial financial difficulties of the debtor, the possibility of recognition a debtor as a bankrupt, or probability of debtor's reorganisation, in case of refusal from delivery, etc. Impairment of advances issued and other non-financial current assets is reflected according to order described in subparagraph 'Impairment of Assets'.

Advances issued under the contracts for the purchase of property, plant and equipment are recorded in section 'Other non-current assets' of consolidated statement of financial position.

3.11 Value added tax (VAT)

In Ukraine VAT standard rate is 20% on imports and sale of goods and services in the territory of Ukraine and 0% rate for all exports and services rendered outside Ukraine.

The VAT liability is equal to the total amount of VAT accrued during the reporting period and arises at the earlier of goods shipment to the customer or at the date of receipt of payment from the client.

VAT credit is the amount by which a taxpayer is entitled to reduce his/her VAT liabilities in the reporting period. The right to VAT credit arises on the earlier of the date of payment to supplier or the date of receipt of goods by the Company.

- the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables are stated including the value added tax.

For the Cyprus Company VAT of 19% applies on expenses.

The Group classifies VAT recoverable arising from its operating activities and its capital expenditures. The balance of VAT recoverable may be realised by the Group either through a cash refund from the state budget or by set off against VAT liabilities with the state budget in future periods.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

3.12 Income tax*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting period, in the countries where the Group operates and generates taxable income.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.12 Income tax (cont.)**

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The majority of Groups entities are registered as tax payers of fixed agricultural tax and therefore are not payers of corporate tax.

3.13 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies is as follows:

Sale of Goods

Customers obtain control of Group's products when the goods are delivered to and have been accepted at a place specified in a sales contract. Invoices are generated at that point in time. Invoices are usually payable within 10 days. No discounts after delivery of goods are provided. Some contracts permit the customer to return an item.

Revenue is recognised when the goods are delivered and have been accepted by customers at a place specified in a sales contract. For contracts that permit the customer to return an item of revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Services

Services comprise storage and handling services, rendering of which is auxiliary to Group's main activities. Invoices are usually issued on a monthly basis and are payable during the period not exceeding 30 days.

Revenue is recognised over time as services are provided. The stage of completion for determining the amount of revenue to recognise is assessed on the basis of the actual service provided as a proportion of the total services to be provided.

3.14 Finance income and costs

Finance income comprises of interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank charges.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.14 Finance income and cost (cont.)**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which necessarily requires significant time to be prepared for use in accordance with the Group's intentions or for sale, are capitalised as the part of initial value of such asset. All other borrowing costs are expensed in profit or loss in the period they were incurred. Borrowing costs include interest payments and other expenses incurred by the Group related to borrowings.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.16 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.16 Leases (cont.)**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The finance lease payments are apportioned between the finance income and the decrease of the finance lease receivables based on the effective interest method.

The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of other revenue.

3.17 Distribution of dividends

The amount payable to the Owners of the Company in the form of dividends is recognised in the financial statements of the Group in the period the dividends were approved by the Owners of the Company.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.18 Contingent assets and liabilities**

Contingent liabilities represent the possible commitments of the Group arising from past events, which existence will be confirmed only as a result of occurrence or non-occurrence of one or more future events, that are not under the full control of the Group, or current liabilities arising from past events not recognized in the financial statements in connection with the fact that the Group does not consider the outflow of resources providing economic benefits and required for liabilities settlements as expected ones, or the amount of liabilities cannot be reliably measured.

The Group does not recognize contingent liabilities in financial statements. The Group discloses information about contingent liabilities in the notes to the financial statements unless the probability of outflow of resources required to settle the liability, is unlikely. Contingent assets represent the possible assets of the Group arising from past events, which existence will be confirmed only as a result of occurrence or non-occurrence of one or more future events that are not under the full control of the Group. The Group does not recognize contingent assets in the financial statements. The Group discloses information about contingent assets in the notes to financial statements, if the flow of economic benefits is likely to occur.

3.19 Provisions

A provision is a liability of uncertain amount or timing. Provisions are recognised if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.20 Operating segments

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

The Group is organised by reportable segments and this is the primary format for segmental reporting. Each reportable segment provides products or services which are subject to risks and rewards that are different than those of other reportable segments.

The Group presents its geographical analysis for segmental revenue by customer location and for assets based on the asset's location. The Group operates mainly in Ukraine.

3.21 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 3.15), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**3. SIGNIFICANT ACCOUNTING POLICIES (cont.)****3.22 Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received and the nominal value of share capital issued is taken to share premium. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

3.23 Employee benefits*Post employee benefits*

The Group contributes to the State Pension Fund of Ukraine and the social insurance funds for the benefit of its employees (defined benefits). The Group's contributions are expensed as incurred.

Current employee benefits

Employee salaries are expensed in the reporting period in which such work is performed.

3.24 Events after the reporting period

The Group adjusts the consolidated financial statements amounts if events after the reporting period demand adjustments. Events after the reporting period requiring adjustments of the consolidated financial statements amounts relate to the confirmation or contradiction of the circumstances prevailing at the reporting period, as well as estimates and judgments of management, which are made under conditions of uncertainty and incompleteness of information at the reporting period.

If non-adjusting events that occurred after the reporting period are significant, non-disclosure of information about them may affect the economic decisions of users which are made on the basis of these consolidated financial statements. Accordingly, the Group discloses the nature of such events and estimates of their financial effect or states the impossibility of such estimate for each material category of non-adjusting events that occurred after the reporting period.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires from management to exercise judgment, to make estimates and assumptions that influence the application of accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)****4.1 Useful life of property, plant and equipment**

The Group estimates the remaining useful life of property, plant and equipment at least once a year at the end of the fiscal year. Should the expectations differ from previous estimates, changes are accounted for as changes in accounting estimates in accordance with IAS 8 'Accounting Policy, Changes in Accounting Estimates and Errors'. These estimates may have a significant effect on the carrying value of property, plant and equipment and depreciation recognised in profit or loss.

4.2 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4.3 Impairment of receivables

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.

The Group provides for doubtful debts to cover potential losses when a customer may be unable to make necessary payments. In assessing the adequacy of provision for doubtful debts, management considers the current economic conditions in general, the age of accounts receivable, the Group's experience in writing off of receivables, solvency of customers and changes in conditions of settlements. Economic changes, industry situation or financial position of separate customers may result in adjustments related to the amount of provision for doubtful debts reflected in the consolidated financial statements as impairments of receivables.

Additionally a general provision for doubtful debts is provided on all receivables due for more than 365 days.

Bad debts which maturity has already expired are written-off from the consolidated statement of financial position along with a corresponding adjustment to the provision for doubtful debts.

Bad debts which are subsequently recovered are reversed in the consolidated financial statements through profit or loss.

The Group does not accrue provisions for doubtful debts on balances with related parties regardless of the origin date of current debt.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)****4.4 Legal proceedings**

The Group's Management applies significant assumptions in the measurement and recognition of provisions for and risks of exposure to contingent liabilities related to existing legal proceedings and other unsettled claims, and also other contingent liabilities. Management's judgment is required in estimating the probability of a successful claim against the Group or the crystallising of a material obligation, and in determining the probable amount of the final settlement or obligation. Due to uncertainty inherent to the process of estimation, actual expenses may differ from the initial estimates. Such preliminary estimates may alter as new information is received, from internal specialists within the Group, if any, or from third parties, such as lawyers. Revision of such estimates may have a significant effect on the future results of operating activity.

4.5 Impairment of obsolete and surplus inventory

At each reporting period the Group assesses the necessity to impair obsolete and surplus inventory. The Group analyses inventories to determine whether they are damaged, obsolete or slow-moving or whether their net realisable value has declined. If such necessity exists, the reserve is calculated and necessary adjustments are made.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and preliminary estimated distribution and selling costs. The Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting period.

4.6 Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective regions in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group companies' domicile.

Cyprus taxes

Significant judgment is required in determining the provision for Cyprus direct and indirect taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises 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 tax and deferred tax provisions in the period in which such determination is made.

In Management's opinion, the Company is in substantial compliance with the tax laws governing its operations. However, the risk remains that the relevant authorities could take different positions with regard to interactive issues and the effect could be significant.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)****4.6 Taxation (cont.)**

The Company met the tax filing in Cyprus. To the best of Management's knowledge, no breaches of tax law have occurred. Thus, the Company has not recorded any provisions for potential impact of any such breaches at the reporting period.

4.7 Contingent liabilities

Contingent liabilities are determined by the occurrence or non-occurrence of one or more future events. Measurement of contingent liabilities is based on management's judgments and estimates of the outcomes of such future events. In particular, the tax laws in Ukraine are complex and significant management judgement is required to interpret those laws in connection with the tax affairs of the Group, which is open to challenge by the tax authorities. Additionally, the economic and political situation in Ukraine may have an impact (note 34 to the consolidated financial statements).

4.8 VAT

Management classified VAT recoverable balance as current based on expectations that will be realised within twelve months from the reporting period. In addition management assessed whether the allowance for irrecoverable VAT needs to be created.

In making this assessment, management considers past history of receiving VAT refunds from the state budget. For VAT recoverable expected to be set off against VAT liabilities in future periods, management based its estimates on detailed projections of expected excess of VAT input over VAT output in the normal course of business.

4.9 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Board of Directors.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(in USD thousand, unless otherwise stated)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)

4.9 Measurement of fair values (cont.)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the relevant notes.

4.10 Ukrainian business environment

The Ukrainian economy still is characterized by the signs and risks of a market with a transition economy. Such features include, but are not limited to, the low level of liquidity in the capital markets, the relatively high level of inflation and the availability of the currency control, which do not allow the national currency to be a liquid means of payment outside of Ukraine. The stability of Ukraine's economy largely depends on the policies and actions of the government aimed at reforming the administrative and legal systems, as well as the economy as a whole.

On February 24, 2022, the Russian Federation launched a full-scale military invasion of Ukraine. Broad security issues have become a challenge for the further stable development of economic and financial segments in Ukraine, and the operating environment since then remains risky and has a high level of uncertainty. It will probably take time to assess the economic consequences, considering the rapid nature of the situation and the unpredictability of the war.

After the beginning of a full-scale military invasion, the fighting still continues, causing thousands of civilian casualties. Russian attacks are aimed at destroying civilian and critical infrastructure throughout Ukraine. As at the date of approval of these consolidated financial statements, according to the available data, significant part of the Group's assets is located in the occupied territory with restricted access, and some of the Group's assets were damaged as a result of missile attacks by the Russian Federation.

The Group's management is closely monitoring the situation and is implementing measures to reduce the negative impact of these events on the Group.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 December 2022**(in USD thousand, unless otherwise stated)**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont.)****4.10 Ukrainian business environment (cont.)**

The situation is complicated by significant fluctuations in the exchange rate of the national currency. Stabilization of the economic situation in Ukraine will largely depend on the effectiveness of fiscal and other economic measures that will be taken by the government of Ukraine. At the same time, there is no clear idea of what exactly the government will do to overcome the crisis, therefore it is impossible to reliably assess the effect of the current economic situation on the Group's financial position. As a result, there is an uncertainty that may affect future operations and the ability to preserve the value of its assets.

Further stabilization of the economic and political situation largely depends on the success of the efforts of the Ukrainian government, but in a period of full-scale war it is difficult to predict further economic and political development.

These consolidated financial statements reflect the current management assessment of the potential impact of the economic situation in Ukraine on the Group's operations and financial position. Further changes in the economic situation may differ significantly from management's assessment. These financial statements do not include any adjustments that could occur as a result of such uncertainty. Such adjustments will be notified if they become known and their assessment is possible.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**5. REVENUE**

	2022	2021
Sales of goods	24,550	56,955
Rendering of services	28	362
Total	24,578	57,317

Revenue generated from sale of goods was as follows:

	2022	2021
Sunflower	24,123	35,070
Winter wheat	3	19,027
Livestock and related revenue	329	2,726
Corn in grain	10	100
Other agricultural crops	85	32
Total	24,550	56,955

Timing of revenue recognition

	2022	2021
Goods transferred at a point in time	24,550	56,955
Services transferred over time	28	362
Total	24,578	57,317

The following table provides information about receivables and liabilities from contracts with customers:

	2022	2021
Trade receivables, which are included in Trade and other receivables	858	1,529
Advances from customers, which are included in Trade and other payables	(429)	(9)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**6. COST OF SALES**

	2022	2021
Livestock and related operations	302	2,320
Plant breeding and related operations	15,894	41,588
Other activities	445	224
Total	16,641	44,132

7. NET CHANGE IN FAIR VALUE LESS COST TO SELL OF BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE

	2022	2021
Non-current biological assets	-	(128)
Current biological assets	(205)	25,486
Total	(205)	25,358

The net change in fair value less costs to sell per type of biological asset was:

Animals in growing and fattening	(151)	(701)
Crops under cultivation (Note 19)	(54)	26,059
Total	(205)	25,358

8. OTHER OPERATING INCOME

	Note	2022	2021
Reversal of provision for non-trade bad debts	23	-	-
Income on disposal of right-of use assets		1,772	-
Trade payables written-off		-	-
Income from the sale of non-current assets		-	-
Income from the sale of current assets		1	-
Other income		83	304
Total		1,856	304

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**9. ADMINISTRATIVE EXPENSES**

	Note	2022	2021
Personnel expenses	14	254	4,759
Amortisation of intangible assets	15	2	9
Depreciation charge	15	156	137
Transportation expenses		1	76
Materials		32	43
Insurance		111	20
Professional fees		60	618
Communication services		22	15
Other expenses		295	264
Total		933	5,941

10. DISTRIBUTION EXPENSES

	Note	2022	2021
Personnel expenses	14	-	2
Transportation expenses		49	311
Other expenses		30	779
Total		79	1,092

11. OTHER OPERATING EXPENSES

	Note	2022	2021
Depreciation charge	15	2	3
Bad debts		125	-
Loss on disposal of property, plant and equipment	12	13	15
Loss on disposal of current assets		690	41
Personnel expenses		3	-
Wastages and impairment of inventories			4,246
Fines and penalties			11
Donations			45
Other expenses		1,578	315
Total		2,411	4,676

12. OPERATING PROFIT

Operating profit is stated after charging the following items:

	Note	2022	2021
Depreciation of property, plant and equipment	16	2,174	2,585
Amortisation of intangible assets	18	3	10
Loss on disposal of property, plant and equipment	12	13	15
Personnel expenses	14	2,580	17,997

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**13. NET FINANCE INCOME**

	2022	2021
Interest income	396	46
Gain on foreign exchange differences	384	7,253
Finance income	780	7,299
Interest on notes	-	-
Interest on lease liabilities	-	(2,044)
Loss on foreign exchange differences	(17)	(5,702)
Finance costs	(17)	(7,746)
Net finance income	763	(447)

14. PERSONNEL EXPENSES

	2022	2021
Wages and salaries	2,078	15,618
Contributions to state funds	502	2,379
Total	2,580	17,997

Payroll and related taxes were presented as follows:

	2022	2021
Production personnel	2,326	13,235
Administrative personnel	254	4,759
Distribution personnel	-	3
Total	2,580	17,997

15. DEPRECIATION AND AMORTISATION

<i>Depreciation charge:</i>	Note	2022	2021
Depreciation of production property, plant and equipment		2,016	2,445
Depreciation of right-of-use assets	17	-	3,447
Administrative expenses	9	156	137
Other expenses	11	2	3
Total		2,174	6,032

Amortisation charge:

Amortisation of intangible assets	3	10
Total	3	10

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2021(in USD thousand, unless otherwise stated)**16. PROPERTY, PLANT AND EQUIPMENT**

	Construction in progress	Buildings	Equipment	Vehicles	Computers and office equipment	Instruments, tools and other equipment	Total
<i>Cost</i>							
Balance at 1 January 2021	1,653	12,346	24,965	2,484	200	144	41,792
Additions	7,475	1,154	5,169	716	5	251	14,770
Disposals	(7,475)	(30)	(142)	(9)	-	(4)	(7,660)
Transfers	(973)	973	-	-	-	-	-
Effect from translation into presentation currency	9	(5,076)	(669)	(707)	(93)	85	(6,451)
Balance at 31 December 2021	689	9,367	29,323	2,484	112	476	42,451
Balance at 1 January 2022	689	9,367	29,323	2,484	112	476	42,451
Additions	1,128	35	690	18	-	13	1,884
Disposals	(756)	(32)	(33)	(13)	-	(4)	(838)
Transfers	-	-	-	-	-	-	-
Effect from translation into presentation currency	(218)	(2,380)	(6,325)	(632)	(28)	(111)	(9,694)
Balance at 31 December 2022	843	6,990	23,655	1,857	84	374	33,803
<i>Accumulated depreciation and impairment losses</i>							
Balance at 1 January 2021	44	9,411	12,110	1,890	115	111	23,681
Charge for the year	-	499	1,941	103	29	13	2,585
On disposals	-	(27)	(130)	(8)	-	(4)	(169)
Effect from translation into presentation currency	(13)	(3,173)	(5,287)	(637)	(62)	(41)	(9,213)
Balance at 31 December 2021	31	6710	8634	1348	82	79	16,884
Balance at 1 January 2022	31	6710	8634	1348	82	79	16,884
Charge for the year	-	420	1,632	87	24	11	2,174
On disposals	(31)	(11)	(54)	(3)	-	-	(99)
Effect from translation into presentation currency	-	(830)	(2,120)	(169)	(29)	(16)	(3,164)
Balance at 31 December 2022	-	6,289	8,092	1,263	77	74	15,795
As at 31 December 2020	1,609	2,935	12,855	594	85	33	18,111
As at 31 December 2021	658	2,657	20,689	1,136	30	397	25,567
As at 31 December 2022	843	701	15,563	594	7	300	18,008

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**17. RIGHT-OF-USE ASSETS**

	Plough-land
Cost	
Balance as at 1 January 2021	19,643
Additions	-
Disposals	-
Effect from translation into presentation currency	718
Balance as at 31 December 2021	20,361
Balance as at 1 January 2022	20,361
Additions	-
Disposals	20,361
Effect from translation into presentation currency	-
Balance as at 31 December 2022	-
Accumulated depreciation and impairment losses	
Balance as at 1 January 2021	6,293
Depreciation charge	3,447
Disposals	-
Effect from translation into presentation currency	230
Balance as at 31 December 2021	9,970
Balance as at 1 January 2022	9,970
Depreciation charge	-
Disposals	9,970
Effect from translation into presentation currency	-
Balance as at 31 December 2022	-
Carrying amounts:	
As at 1 January 2021	13,350
As at 1 January 2022	10,391
As at 31 December 2022	-

Right-of-use assets have been recognised as a result of adoption by the Group of IFRS 16 “Leases” from 1 January 2019. The Group's right-of-use assets represent leases of plough-land from individuals. The total size of leased plough-land at 31 December 2022 is nil (31 December 2021: 94 thousand hectares).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**18. INTANGIBLE ASSETS**

	Computer software	Land lease rights	Total
Cost			
Balance as at 1 January 2020	52	-	52
Additions	-	-	-
Disposals	-	-	-
Effect from translation into presentation currency	2	-	2
Balance as at 31 December 2021	54	-	54
Balance as at 1 January 2022	54	-	54
Additions	1	-	1
Disposals	-	-	-
Effect from translation into presentation currency	(11)	-	(11)
Balance as at 31 December 2022	44	-	44
Depreciation			
Balance as at 1 January 2021	25	-	25
Amortisation charge	10	-	10
Disposals	-	-	-
Effect from translation into presentation currency	1	-	1
Balance as at 31 December 2021	36	-	36
Balance as at 1 January 2022	36	-	36
Amortisation charge	3	-	3
Disposals	-	-	-
Effect from translation into presentation currency	(7)	-	(7)
Balance as at 31 December 2022	32	-	32
Carrying amounts:			
As at 1 January 2021	27	-	27
As at 31 December 2021	18	-	18
As at 31 December 2022	12	-	12

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**19. BIOLOGICAL ASSETS**

Biological assets were presented as follows:

	2022	2021
Crops under cultivation	22,311	10,772
Animals in growing and fattening	188	545
Total current biological assets	22,499	11,317
Cattle	586	695
Total non-current biological assets	586	695
Total	23,085	12,012

19.1 Crops under cultivation

At 31 December 2022 and 31 December 2021 the crops under cultivation were presented as follows:

	31 December 2022		31 December 2021	
	Thousands of hectares	Carrying values	Thousands of hectares	Carrying values
Winter wheat plantings	1,712	11,464	61	10,772
Corn plantings	33	11	-	-
Sunflower plantings	209	2,924	-	-
Winter rape plantings	33	78	-	-
Other plantings	365	7,834	-	-
Total	2,352	22,311	61	10,772

The reconciliation of crops under cultivation carrying value was presented as follows:

	2022	2021
At 1 January	10,772	6,702
Increase in value as a result of capitalisation of cost	11,511	58,724
Decrease in value as a result of harvesting	(1,277)	(78,151)
Gain from presentation of biological assets at fair value	(54)	26,059
Effect from translation into presentation currency	1,359	(2,562)
At 31 December	22,311	10,772

The main crops harvested and the fair value at the time of harvesting was as follows:

	31 December 2022		31 December 2021	
	Volume, tonnes	Amount, USD thousand	Volume, tonnes	Amount, USD thousand
Winter wheat	8,061	1,085	210,314	39,438
Sunflower	58	22	96,597	37,061
Corn	4,066	127	11,849	530
Other sowing	1,093	43	17,951	1,122
Total	13,278	1,277	336,711	78,151

Expenses capitalised in biological assets mainly include fertilisers, fuel, seeds, labour and the operating lease rentals.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**19. BIOLOGICAL ASSETS (cont.)****19.2 Non-current biological assets and animals in growing and fattening***Non-current biological assets:*

	31 December 2022		31 December 2021	
	Number, heads	Fair value	Number, heads	Fair value
Cattle	647	586	1,020	695
Total	647	586	1,020	695

Animals in growing and fattening:

	31 December 2022		31 December 2021	
	Number, heads	Fair value	Number, heads	Fair value
Cattle	397	188	1,204	545
Total	397	188	1,204	545

Reconciliation of non-current biological assets carrying value was presented as follows:

	2022	2021
At 1 January	695	903
Increase in value as a result of capitalisation of cost	71	172
Decrease in value as a result of harvesting agricultural products	(124)	(16)
Loss from presentation of biological assets at fair value	-	(128)
Other changes	-	-
Effect from translation into presentation currency	(56)	(236)
At 31 December	586	695

Expenses capitalised in biological assets of animals include mixed fodder, electricity, labour, depreciation and other.

Reconciliation of animals in growing and fattening carrying value was presented as follows:

	2022	2021
At 1 January	545	570
Increase in value as a result of asset acquisition	-	80
Increase in value as a result of capitalisation of cost	86	234
Decrease in value as a result of harvesting agricultural products	-	(553)
Decrease in value as a result of sale of assets	(137)	(499)
Other changes	16	693
Loss from presentation of biological assets at fair value	(151)	(701)
Effect from translation into presentation currency	(171)	721
At 31 December	188	545

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**20. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2022	2021
US Treasury notes	13,018	14,178
Bank of Cyprus Holdings Plc	145	72
Total	13,163	14,250

The Group held 1.591.105 shares with fair value €0,140 cents. In January 2017, the shares in Bank of Cyprus Public Company Limited were exchanged with new shares of Bank of Cyprus Holdings Plc listed in both London Stock Exchange and in Cyprus Stock Exchange with nominal value of €0,10 cents each. As at 31 December 2022 the Group held 79,556 shares in Bank of Cyprus Holdings Plc with fair value €1,705 (2021: €1,060) each.

UBS Switzerland AG and Bank Vontobel AG:

The Group acquired US Treasury bonds and other short-term investment held in both UBS Switzerland AG and Bank Vontobel AG with a market value of US\$13,018,691. All instruments are publicly traded, recognizing a fair value loss of US\$1,330,201 (2021: Loss US\$697,026) as presented on the Consolidated Statement of Profit or loss.

The exposure of the Company to market risk in relation to financial assets is reported in note 34 of the financial statements.

21. LOANS RECEIVABLE

<i>Current assets</i>	<i>Note</i>	2022	2021
Loans to related parties	30	22,137	18,549
Loans to third parties		5,767	5,767
Provision for impairment		(5,767)	(5,767)
Total		22,137	18,549

The exposure of the Group to credit risk is reported in note 34 to the consolidated financial statements.

22. INVENTORIES

	2022	2021
Raw materials	749	9,732
Work-in-progress	-	6,524
Agricultural produce	10,613	37,773
Other	2,361	2,267
Total	13,723	56,296

Work-in-progress

Work in progress includes expenditure capitalised in respect of nil thousand hectares (2021: 53 thousand hectares) of plough land prepared for sowing in the current or following year.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**Agricultural produce**

The main agricultural produce was as follows:

	2022	2021
Winter wheat	3,358	14,294
Sunflower	4,872	9,814
Corn	40	36
Other agricultural crops	2,343	13,629
Total	10,613	37,773

23. TRADE AND OTHER RECEIVABLES

	2022	2021
Trade receivables	961	2,722
Provision for impairment of trade receivables	(101)	(2)
Trade receivables, net	860	2,720
Prepayments to suppliers	1,459	913
Other receivables	814	33,852
Provision for impairment of prepayments and other receivables	-	(34,306)
VAT recoverable	28	-
Total	3,161	3,179

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 34 to the consolidated financial statements.

The movement in the provision for doubtful debts in respect of trade and other receivables was as follows:

	2022	2021
At 1 January	34,308	33,142
Provision for the year	125	-
Reversal of provision for bad debts	-	-
Write-off of provision for bad debt from receivables	(34,112)	(45)
Effect of translation into presentation currency	(220)	1,211
At 31 December	101	34,308

24. CASH AND CASH EQUIVALENTS

	2022	2021
Bank deposits	7,078	-
Cash at bank – USD	5,371	13,065
Cash at bank – UAH	336	-
Total	12,785	13,065

The exposure of the Group to credit risk and interest rate risk in relation to cash and cash equivalents is reported in note 34 to the consolidated financial statements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**25. SHARE CAPITAL AND SHARE PREMIUM**

	2022	2022	2021	2021
Authorised share capital	Number of shares	Nominal value, USD	Number of shares	Nominal value, USD
Ordinary shares of EUR 0.021 each	47,619,048	1,321,500	47,619,048	1,321,500
Issued and fully paid	Number of shares	Nominal value, USD	Share premium, USD	Total, USD
At 1 January 2021	21,670,000	661,128	88,531,664	89,192,792
At 1 January 2022	21,670,000	661,128	88,531,664	89,192,792
At 31 December 2022	21,670,000	661,128	88,531,664	89,192,792

Issued share capital

- i Upon incorporation on 21 September 2009, the Company issued to the subscribers of its Memorandum of Association 12,000,000 ordinary shares of nominal value EUR 0.021 each, amounting to EUR 252,000 (USD equivalent of USD 370,591).
- ii On 4 November 2009 the Company issued 4,000,000 additional ordinary shares of nominal value EUR 0.021 each, amounting to EUR 84,000 (USD equivalent of USD 123,715), at a premium of EUR 6.93 per share, amounting to a total share premium of EUR 27,720,000 (USD equivalent of USD 38,791,285).
- iii Global Depositary Receipts “GDRs” were issued against the 4,000,000 new shares by “The Bank of New York Mellon” for USD 9.72875 per each new share. The total consideration of the share capital issued was USD 38,915,000 out of which USD 123,715 is the total nominal value credited to the share capital account and USD 38,791,285 is the share premium reserve. Share issue expenses of USD 317 154 were deducted from the share premium reserve.
- iv The members of the Company held an Extraordinary General Meeting on 25 June 2010 where they authorized and approved the increase of the issued share capital of the Company from 16,000,000 ordinary shares of EUR 0.021 each amounting to EUR 336,000 (USD equivalent of USD 494,306) to 21,670,000 ordinary shares of nominal value of EUR 0.021, by the creation of 5,670,000 ordinary shares of a nominal value of EUR 0.021 each, ranking pari passu with the existing shares of the Company.

On 29 October 2010 the Company proceeded and issued 5,670,000 ordinary shares of nominal value EUR 0.021 each, amounting to EUR 119,070 (equivalent to USD 166,822), at a premium of EUR 6.7595 per share amounting to a total share premium of EUR 38,326,365 (USD equivalent of USD 54,222,634). The issue price for shares in the Company’s public offering was set at PLN 27 per share. The Company raised total gross proceeds of PLN 153,090,000 (USD equivalent of USD 54,389,456) from the public offering. Share issue expenses of USD 4,165,101 were deducted from the share premium reserve.

Listing of the Company to the Warsaw Stock Exchange

During the year 2010, the Board of Directors of the Company resolved to proceed with the initial public offering of 5,670,000 new ordinary shares of the Company and the application for the admission of the entire issued share capital of the company, including the Offer Shares to trading on the regulated market of the Warsaw Stock Exchange.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**26. LOANS AND BORROWINGS**

	Note	2022	2021
<i>Current liabilities</i>			
Loan from owner	30	-	128
Total loans and borrowings		-	128

The exposure of the Group to interest rate risk in relation to loans and borrowings is reported in Note 36 to the consolidated financial statements.

27. LEASE LIABILITIES

	2022	2021
<i>Non-current liabilities</i>		
Lease liabilities	-	11,360
	-	11,360
<i>Current liabilities</i>		
Lease liabilities	-	4,250
	-	4,250
Total lease liabilities	-	15,610

The exposure of the Group to liquidity risk in relation to lease liabilities is reported in Note 34 to the consolidated financial statements.

28. TRADE AND OTHER PAYABLES

	2022	2021
Trade payables	1,917	572
Payroll and related expenses accrued	75	1,948
Advances received	429	-
Liabilities for other taxes and mandatory payments	258	26
VAT payable	404	399
Accrued expenses	575	33
Other provisions	-	-
Other liabilities	75	168
Total	3,733	3,146

The exposure of the Group to liquidity risk in relation to trade and other payables is reported in Note 34 to the consolidated financial statements.

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**29. PROFIT PER SHARE***Basic profit per share*

The calculation of basic profit per share was based on the profit attributable to the owners of the Company, and a weighted average number of ordinary shares as follows:

	2022	2021
<i>Profit attributable to the owners of the Company (in USD'000):</i>		
Profit from continuing operations attributable to the owners of the Company	5,587	26,956
Loss from discontinued operations attributable to the owners of the Company	-	-
Total profit attributable to the owners of the Company	5,587	26,956
<i>Weighted average number of ordinary shares:</i>		
Weighted average number of ordinary shares at 31 December	21,670,000	21,670,000
Total basic profit per share (USD per share)	0.26	1.23

Profit per share is the profit for the year after taxation attributable to the owners of the Company divided by weighted average number of shares in issue for each year.

There were no options or instruments convertible into shares and so basic and diluted earnings per share are the same.

30. RELATED PARTY BALANCES AND TRANSACTIONS

As at 31 December 2022 and the date of this report, the Company is controlled by Mr. Iurii Zhuravlov, who holds directly 85.40% of the Company's share capital. The remaining 14.60% of the shares is widely held.

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

According to these criteria the related parties of the Group are divided into the following categories:

- a. Companies in which Group's companies have an equity interest;
- b. Companies in which key management personnel has an equity interest;
- c. Key management personnel;
- d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies.

Salary costs of key management personnel for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	2021
Wages and salaries	153	3,689
Contributions to social funds	15	30
Total	168	3,719

Key management personnel include Directors (Executive and Non-Executive), the Chief Financial Officer, the

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**30. RELATED PARTY BALANCES AND TRANSACTIONS (cont.)**

Chief Agronomist, the Head of the Food Production Division and the Head of the Livestock Division.

	<u>2022</u>	<u>2021</u>
Number of key management personnel, persons	2	10

Outstanding balances with related parties:

Loans receivable (note 21)	<u>2022</u>	<u>2021</u>
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	22,137	18,549
Total	22,137	18,549

Outstanding balances with related parties (cont.)

Loans payable (note 28)	<u>2022</u>	<u>2021</u>
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	-	128
Total	-	128

The Group's transactions with related parties:

Finance cost, net	<u>2022</u>	<u>2021</u>
d. Companies and individuals significantly influencing the Group and having an interest in equity of Group's companies		
Mr Iurii Zhuravlov - Chief Executive Officer	-	-
Total	-	-

31. OPERATING SEGMENTS

A reportable segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generates revenues other than risks and income of those components that are peculiar to other reportable segments.

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All reportable segments' results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**31. OPERATING SEGMENTS (cont.)**

The operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For the year ended 31 December 2022 the Group identified the following reportable segments, which include products and services, that differ by levels of risk and conditions of generation of income:

- Plant breeding
 - Livestock
 - Vegetable oil and protein meal
 - Other
- (i) Plant breeding segment raises and sells agricultural products and renders accompanying services. The main types of agricultural produce which are sold in this reportable segment are wheat, rye, barley, sunflowers and rape. The main services which are sold in this reportable segment are ploughing, handling and grain storage services.
- (ii) Livestock segment raises and sells biological assets and agricultural products of cattle breeding. The main biological assets and agricultural products which are sold in this reportable segment are poultry, cattle, pigs and milk.
- (iii) Vegetable oil and protein meal is a new segment the Group started disclosing in 2017. It represents the processing of own sunflower seeds into sunflower oil and protein meal using outsourced production facilities.

No operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the operating results of each of the unit separately for the purpose of making decisions about resources allocation and evaluation of operating results.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Group financing (including finance expense and finance income) and income taxes, are managed on a group basis and are not allocated to operating segments.

In the reporting period, the main segment was Plant breeding which accounted for more than 90%, thus the detailed disclosure was not required

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**31. OPERATING SEGMENTS (cont.)***Geographical information*

Reportable segment information related to geographical location for the year ended 31 December 2022 and 31 December 2021 is presented below. Sales revenue analysis was based on the geographical local of delivery destination.

	2022	2021
Ukraine	24,578	57,317
India	-	-
Netherlands	-	-
Italy	-	-
Iraq	-	-
Other countries	-	-
	24,578	57,317

32. OPERATING ENVIROMENT

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these consolidated financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevent them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**32. OPERATING ENVIROMENT (cont.)**

The Group is materially exposed considering that the Group is a diversified vertically integrated agricultural producer in Eastern Ukraine. The Group's core business is crop production, comprising principally sunflower seeds and wheat, as well as the processing, storage and sale of such crops. In addition, the Group is engaged in livestock and food processing. The Company is exposed in regard to its subsidiaries situated in Ukraine, its clients and in general its supply chain.

Operating in Russia, Belarus and Ukraine involves some risk of political instability, which may include changes in government, negative policy shifts and civil unrest. Financial and economic sanctions imposed by the global community on certain sectors of the Russian economy as well as businesses and individuals in Russia in the first quarter of 2022, and the counter-measures imposed by Russia on the United States of America, United Kingdom and European Union, may potentially pose a risk to the Company's operations. These factors may have a negative impact on the Company's supply arrangements, capital flows and ability of the Company to secure external financing.

The Company actively monitors political developments on an ongoing basis. However, the macroeconomic situation in Ukraine, Russia and Belarus is out of Management's control. The scope and impact of any new potential sanctions (and any counter-sanctions) is yet unknown, however they might further affect key Russian financial institutions as well as companies operating in the Russian Federation and Belarus.

Management has considered the unique circumstances that could have a material impact on the business operations and the risk exposures of the Company and has concluded that the main impacts on the Company's profitability/liquidity position may arise from ie interruptions or stoppage of production in affected areas and neighbouring countries, damage or loss of inventories and other assets, closure of roads and facilities in affected areas, disruption in banking systems and capital markets, supply-chain and travel disruptions in Eastern Europe, restriction on cash balances etc.

Management will continue to monitor the situation closely and assess/seek additional measures/committed facilities as a fall-back plan in case the crisis becomes prolonged.

33. CONTINGENT AND CONTRACTUAL LIABILITIES*Economic environment*

The exposure of the Group to the economic environment and possible impact is disclosed in note 31 to the consolidated financial statements.

Taxation

As a result of unstable economic environment in Ukraine, tax authorities in Ukraine pay more and more attention to the business cycles. In connection with this, tax laws in Ukraine are subject to frequent changes. Furthermore, there are cases of their inconsistent application, interpretation and execution. Non-compliance with laws and regulations may lead to severe fines and penalties.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**33. CONTINGENT AND CONTRACTUAL LIABILITIES (cont.)***Taxation) (cont.)*

The Company operates in the Cypriot tax jurisdiction and its subsidiaries in tax jurisdiction of the respective countries of incorporation. The Group's management must interpret and apply existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for direct and indirect taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises 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.

The Group's uncertain tax positions are reassessed by management at every reporting period end. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the reporting period.

Legal matters

In the course of its economic activities, the Group is involved in legal proceedings with third parties. In most cases, the Group is the initiator of such proceedings with the purpose of preventing or mitigating of economic losses.

The Group's management considers that as at the reporting period, active legal proceedings on such matters will not have any significant influence on its financial position.

Pension and other liabilities

Most employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organisation in accordance with the applicable laws and regulations of Ukraine. The Group is obliged to deduct and contribute a certain percentage of salaries to the Pension Fund to finance the benefits. The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries.

At 31 December 2022 and 31 December 2021 the Group's entities had no liabilities for any supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

34. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from the use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk
- (d) Operational risk

Risk Management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**34. FINANCIAL RISK MANAGEMENT (cont.)*****Risk Management framework (cont.)***

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group is not a finance company, thus it uses financial instruments as may be necessary in order to obtain finance for its activities, not for the purpose of receiving income. In the process of its activities the Group uses the following financial instruments: cash and cash equivalents, bank deposits, accounts receivable, accounts payable.

The Group is exposed to the following risks resulting from use of financial instruments: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk of fair value) and operation risk. This explanation contains information relating to the Group's exposure to each of the risk types mentioned above, Group's objectives, its policy and procedures of these risks measurement and management.

Financial assets	2022	2021
Investments designated at fair value through profit or loss	13,163	14,250
Loan to related parties	22,137	18,549
Cash at bank	12,785	13,065
Trade receivables	860	2,720
Other receivables	814	-
Total	49,759	48,584

a) Credit risk

Credit risk is the risk of financial loss for the Group in case of non-fulfilment of financial obligations by a client or counterparty under the respective agreement. In the reporting period the Group's financial assets that are exposed to credit risk are represented as follows: cash and balances on bank accounts, trade and other accounts receivable (except for receivables that are not represented by financial assets), loans receivable.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group recognises impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period was presented as follows:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**34. FINANCIAL RISK MANAGEMENT (cont.)****a) Credit risk (cont.)***Credit quality of financial assets*

The table below shows an analysis of the Group's cash balances on bank accounts by the credit rating of the bank in which they are held:

Bank group based on credit ratings by Moody's	Note	2022	2021
Aa2		12,785	13,065
A3		-	
B1		-	
B2		-	
B3		-	
Caa2		-	
Total	24	12,785	13,065

The ageing of trade receivables at the end of the reporting period that was not impaired was as follows:

2021	Not overdue	0-90 days	91-180 days	181-365 days	over one year	Total
Carrying amount of trade receivables	829	-	-	-	-	829

2022	Not overdue	0-90 days	91-180 days	181-365 days	over one year	Total
Carrying amount of trade receivables	860	-	-	-	-	860

The column '0-90 days' represents the amounts neither past due nor impaired.

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2021

The ECL for trade receivables is 0% due to the probability of default being 0% because of the prompt prepayment of all trade receivables. For any trade receivables of 1 year an ECL of 100% applies.

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2022

The ECL for trade receivables is 0% due to the probability of default being 0% because of the prompt prepayment of all trade receivables. For any trade receivables of 1 year an ECL of 100% applies.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**34. FINANCIAL RISK MANAGEMENT (cont.)****b) Liquidity risk**

Liquidity risk is the risk of the Group's failure to fulfil its financial obligations at the date of maturity. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The table below represents the expected maturity of components of working capital.

Exposure to liquidity risk

2021	Note	Carrying amounts	Contractual cash flows	3 month or less	3-12 month	Between 1- 5 years	Over 5 years
Loan from owner	30	128	133	133	-	-	-
Lease liabilities	27	15,610	28,380	1,387	4,107	16,773	6,113
Trade payables	28	572	572	572	-	-	-
Other payables	28	42	42	42	-	-	-
Total		16,352	29,127	2,134	4,107	16,773	6,113

2022	Note	Carrying amounts	Contractual cash flows	3 month or less	3-12 month	Between 1- 5 years	Over 5 years
Loan from owner	30	-	133	133	-	-	-
Lease liabilities	27	-	-	-	-	-	-
Trade payables	28	1,917	1,917	1,917	-	-	-
Other payables	28	75	75	75	-	-	-
Total		1,992	2,125	2,125	-	-	-

c) Market risk

Market risk is the risk of negative influence of changes in market prices, such as foreign exchange rates and interest rates, on revenue position of the Group or on the value of the Group's available financial instruments.

The objective of market risk management provides control over the Group's exposure to market risk, as well as keeping its level within reasonable limits.

Description of the Group's exposure to such market components as currency risk and interest risk is given below:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**34. FINANCIAL RISK MANAGEMENT (cont.)****c) Market risk (cont.)**Foreign currency risk

Foreign currency risk which represents a part of market risk is the risk of change in value of financial instruments due to changes in foreign exchange rates.

Management does not use derivative financial instruments to hedge foreign currency risks and does not follow the official policy for distribution of risks between liabilities in one or another currency. However, in the period of receiving new borrowings and loans, management uses its own estimates to take the decision as to which currency of the liability will be more favourable for the Group during the expected period till maturity.

Interest rate risk

Interest rate risk is the risk that expenditure or 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

At present, the Group's approach to limit the interest rate risk consists of borrowings at fixed interest rates.

Structure of interest rate risk

The structure of interest financial instruments of the Group, grouped according to the types of interest rates, was presented as follows:

<i>Fixed rate instruments</i>	2022	2021
Financial assets	35,300	32,799
Financial liabilities	-	(15,738)
<i>Total</i>	35,300	17,061

AGROTON PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**34. FINANCIAL RISK MANAGEMENT (cont.)****d) Operational risk***Crops under cultivation*

The Group's operations are subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of crops is adversely affected by winter weather conditions, which occur primarily from January to March. The first half of the year typically results in lower revenues and results for cultivations.

Livestock

The Group's agro-industrial business is subject to risks of outbreaks of various diseases that could result in mortality losses. Disease control measures were adopted by the Group to minimise and manage this risk. The Group's management is satisfied that its current existing risk management and quality control processes are effective and sufficient to prevent any outbreak of livestock diseases and related losses.

e) Capital management

The Group's management follows the policy of providing a firm capital base which allowssupporting the trust of investors, creditors and market and ensuring future business development.

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio. The Group's overall strategy remains unchanged from prior year. To manage capital, the Group's management, above all, uses calculations of EBITDA.

For the year ended 31 December 2022 and 31 December 2021

	2022	2021
Profit for the year	5,593	26,612
Income tax charge	5	79
Finance income	(780)	(7,299)
Finance costs	17	7,746
EBIT (Earnings before interest and income tax)	4,835	27,138
Depreciation and amortization	2,174	6,041
EBITDA (earnings before interest, income tax, depreciation and amortisation)	7,009	33,179

During the year there were no changes in approaches to capital management. The Group is not subject to any external regulatory capital requirements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(in USD thousand, unless otherwise stated)

35. FAIR VALUES

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The different levels have been defined as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

a) Fair value of financial assets

Assumptions in assessing fair value of financial instruments and assessment of their subsequent recognition

As no readily available market exists for the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instruments. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holding of the particular instrument.

At 31 December 2022, the following methods and assumptions were used by the Group to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

- *Cash and cash equivalents* - the fair value is estimated to be the same as the carrying value for these short-term financial instruments.
- *Trade and other receivables* - the fair value is reasonably estimated to be the same as the carrying value, as provision for doubtful debts is reasonable estimation of discount needed for reflection of credit risk influence.
- *Trade and other payables* - the fair value is estimated to be the same as the carrying value for trade and other payables.

Application of the effective interest rate method for calculating carrying value of short - term receivables, interest free loans granted and received and payables has been applied to reflect fair values.

- *Loans* - the fair value of loans, is estimated to approximate the total carrying value as the nominal interest rate of loans is approximately tied to the market rate concerning loans with similar credit risk rate and repayment period at the reporting period.
- *Debt and equity securities* – the fair value of debt and equity securities is measured using the available quoted market prices from the relevant stock exchange which the securities are listed.

b) Fair value of non-financial assets

Assumptions in assessing fair value of non-financial instruments and assessment of their subsequent recognition

Biological assets of the Group are measured at fair value within level 3 of the fair value hierarchy, except for parent flock, cattle and horses that are measured using the market comparison technique based on market prices for livestock of similar age, breed and geographic location, which is measured at fair value within level 2 of the fair value hierarchy.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFor the year ended 31 December 2022(in USD thousand, unless otherwise stated)**35. FAIR VALUES (cont.)****b) Fair value of non-financial assets (cont.)**

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that reports directly to the Chief Financial Officer, and has overall responsibility for fair value measurement of biological assets.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. The valuation team assesses and documents the evidence obtained to support the conclusion that the valuation meets the requirements of IFRS, including the level in the fair value hierarchy. Significant valuation issues are reported to the Chief Financial Officer.

The Group's agro-industrial business is subject to risks of outbreaks of various diseases that could result in mortality losses. Disease control measures were adopted by the Group to minimise and manage this risk. The Group's management is satisfied that its current existing risk management and quality control processes are effective and sufficient to prevent any outbreak of livestock diseases and related losses.

The valuation requires management to make certain assumptions about unobservable inputs to the model of which the significant unobservable inputs are disclosed in the table below:

Level 3 fair values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Crops under cultivation	As at 31 December 2020 the biological transformation is insignificant, the fair value approximate cost	Not applicable	Not applicable

Level 2 fair values

Type	Valuation technique	Significant observable inputs	Significant unobservable	Inter-relationship between key unobservable inputs and fair value measurement
Livestock	<i>Market comparison techniques:</i> The valuation is based on existing market prices for items with similar age, breed and location characteristics, which are adjusted for variations in these characteristics.	Market prices	None	Not applicable

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**35. FAIR VALUES (cont.)****b) Fair value of non-financial assets (cont.)**

The table below analyses biological assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized. The different levels have been defined as follows:

31 December 2021	Level 1	Level 2	Level 3	Total
Non-financial assets				
Plants and plantation	-	-	10,772	10,772
Livestock	-	1,240	-	1,240
	-	1,240	10,772	12,012
31 December 2022	Level 1	Level 2	Level 3	Total
Non-financial assets				
Plants and plantation	-	-	22,311	22,311
Livestock	-	774	-	774
	-	774	22,311	23,085

There were no transfers between any levels of the fair value hierarchy during the year 31 December 2022 and 31 December 2021.

Total gain or losses for the period as shown in the reconciliation (note 19) are presented on the face of the consolidated statement of comprehensive income as “Net change in fair value less costs to sell of biological assets and agricultural produce”.

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**35. FAIR VALUES (cont.)**

The following table analyses the fair values of financial instruments not measured at fair value, by the levels in the fair value hierarchy into which such fair value measurement is categorized:

	Designated at fair value	At amortised cost	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2021								
<i>Financial Assets measured at fair value</i>								
Assets held for sale	14	-	-	14	14	-	-	14
Investments designated at fair value through profit or loss	14,250	-	-	14,250	14,250	-	-	14,250
<i>Financial assets not measured at fair value</i>								
Trade receivables	-	2,720	-	2,720	-	-	2,720	2,720
Loans receivable	-	18,549	-	18,549	-	-	18,549	18,549
Cash and cash equivalents	-	13,065	-	13,065	13,065	-	-	13,065
	14,264	34,334	-	48,598	27,329	-	21,269	48,598
<i>Financial Liabilities measured at fair value</i>								
Liabilities held for sale	-	-	-	-	-	-	-	-
<i>Financial Liabilities not measured at fair value</i>								
Lease liabilities	-	-	15,610	15,610	-	-	15,610	15,610
Loans payable	-	-	128	128	-	-	128	128
Trade payables	-	-	572	572	-	-	572	572
Other payables	-	-	42	42	-	-	42	42
	-	-	16,352	16,352	-	-	16,352	16,352

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2022(in USD thousand, unless otherwise stated)**35. FAIR VALUES (cont.)**

	Designated at fair value	At amortised cost	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2022								
<i>Financial Assets measured at fair value</i>								
Assets held for sale	11	-	-	11	11	-	-	11
Investments designated at fair value through profit or loss	13,163	-	-	13,163	13,163	-	-	13,163
<i>Financial assets not measured at fair value</i>								
Trade receivables	-	860	-	860	-	-	860	860
Loans receivable	-	22,137	-	22,137	-	-	22,137	22,137
Cash and cash equivalents	-	12,785	-	12,785	12,785	-	-	12,785
	13,174	35,782	-	48,956	25,959	-	22,997	48,956
<i>Financial Liabilities measured at fair value</i>								
Liabilities held for sale	-	-	-	-	-	-	-	-
<i>Financial Liabilities not measured at fair value</i>								
Lease liabilities	-	-	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-	-	-
Trade payables	-	-	1,917	1,917	-	-	1,917	1,917
Other payables	-	-	75	75	-	-	75	75
	-	-	1,992	1,992	-	-	1,992	1,992

AGROTON PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2021(in USD thousand, unless otherwise stated)**35. FAIR VALUES (cont.)**

The fair value of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position as at 31 December 2022 and 31 December 2021, are as follows.

31 December 2021	Carrying amount	Fair value
Financial assets		
Investments designated at fair value through profit or loss	14 250	14 250
Trade receivables	2 720	2 720
Cash and cash equivalents	13 065	13 065
Loans receivable	18 549	18 549
Financial liabilities		
Lease liabilities	15 610	15 610
Loans payable	128	128
Trade payables	572	572
31 December 2022	Carrying amount	Fair value
Financial assets		
Investments designated at fair value through profit or loss	13,163	13,163
Trade receivables	860	860
Cash and cash equivalents	12,785	12,785
Loans receivable	22,137	22,137
Financial liabilities		
Notes	-	-
Loans payable	-	-
Trade payables	1,917	1,917
Other payables	13,163	13,163

36. EVENTS AFTER THE REPORTING PERIOD

As explained in note 32 the geopolitical situation in Eastern Europe remains intense with the continuation of the conflict between Russia and Ukraine. As at the date of authorising these consolidated financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets.

From 18 September 2024 Ms. Anna Ordovska was appointed as new Non-Executive Director instead of Mr. Borys Supikhanov.