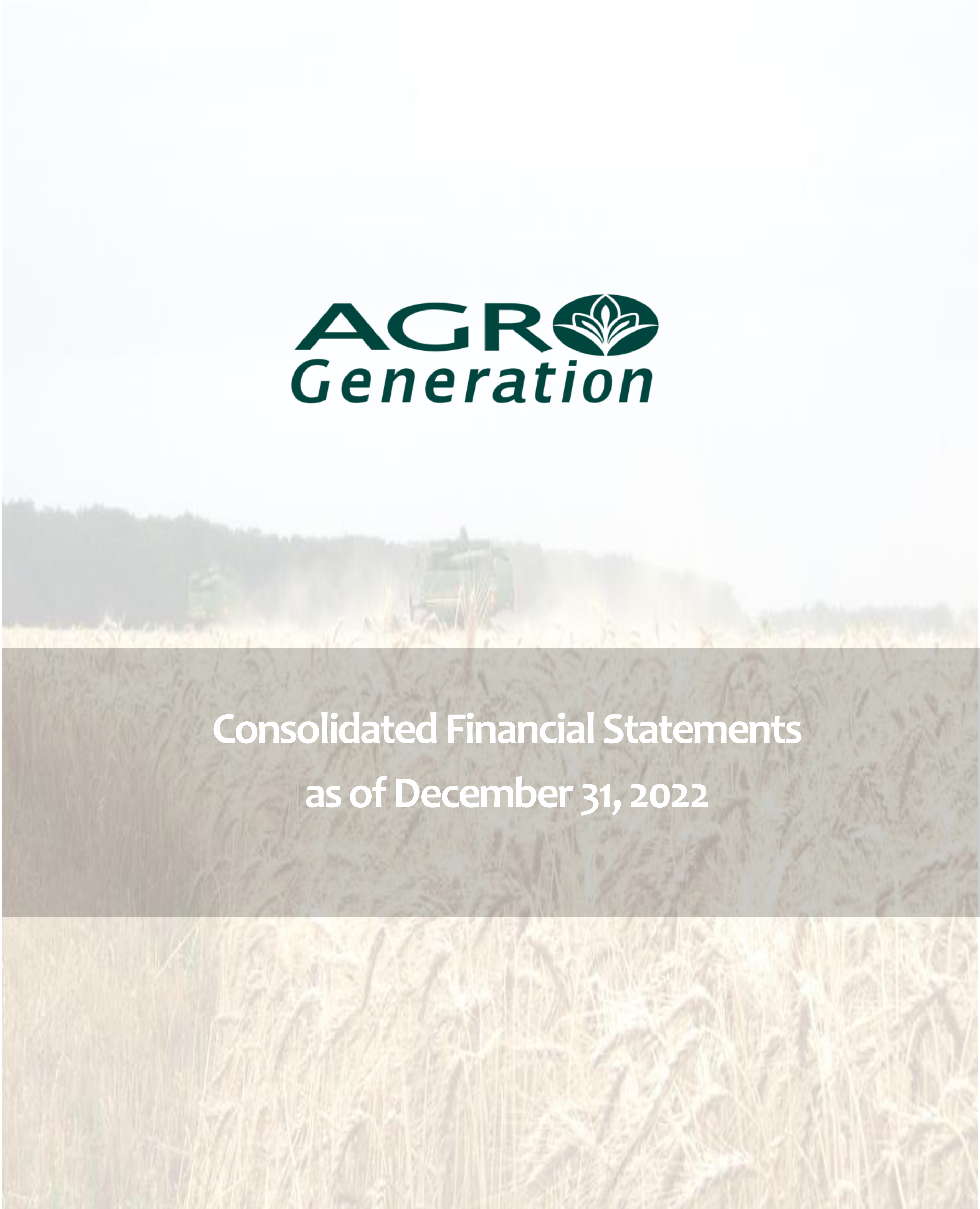

Consolidated Financial Statements as of December 31, 2022

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Consolidated statement of financial position

(in thousands of Euros)

Assets	Note	December 31, 2022	December 31, 2021
Non-current assets		**15 273**	**32 829**
Intangible assets	9	64	125
Right-of-use Assets (Land)	10	6725	13 386
Property, plant and equipment	11	8 484	19 318
Current Assets		**21 118**	**49 204**
Inventories	14	11 414	26 471
Financial assets	12	75	2 691
Biological assets	15	1 788	12 340
Trade and other receivables	16	2 768	3 294
Cash and cash equivalents	17	5 073	4 408
Total assets		**36 391**	**82 033**

Equity and Liabilities	Note	December 31 2022	December 31, 2021
Equity		**13 990**	**50 145**
Share capital	19	11 079	11 079
Share premium	19	225 042	225 042
Other reserves		(118 608)	(118 608)
Retained earnings		(53 414)	(81 719)
Revaluation reserves		19 553	33 656
Currency translation differences		(38 067)	(33 507)
Net Income		(31 595)	14 202
Non-controlling interests		-	-
Non-current liabilities		**7 319**	**14 754**
Provisions	20	-	-
Non-current borrowings	18	442	984
Non-current lease liabilities for right-of-use assets	18	6 877	13 770
Deferred tax liabilities	13	-	-
Current liabilities		**15 082**	**17 134**
Provisions	20	-	26
Current borrowings	18	6 904	6 747
Current lease liabilities for right-of-use assets	18	3 842	3 098
Trade and other payables	21	3 921	7 263
Current income tax liability		415	-
Total equity and liabilities		**36 391**	**82 033**

Consolidated income statement

(in thousands of Euros)	*Note*	2022	2021
Revenue	23	**25 864**	**43 896**
Change in fair value of biological assets and finished goods	15	(10 310)	20 006
Cost of sales	24	(21 162)	(31 541)
Gross profit / (loss)		**(5 608)**	**32 361**
Selling, general and administrative expenses	24	(6 195)	(4 518)
Other income and expenses	25	(261)	(11 100)
Losses, expenses and other effects as the result of war	5	(15 448)	-
Profit before interest and tax		**(27 512)**	**16 743**
Financial net (expenses) / income	26	(3 673)	(2 654)
Income tax (expense) / gain	13	(410)	113
Profit / (loss) for the period		**(31 595)**	**14 202**
Non-controlling interests		-	-
Profit /(loss) from continued and discontinued operations attributable to the Group	28	**(31 595)**	**14 202**
Profit / (Loss) attributable to equity holders of the company (€, 000)		(31 595)	14 202
Weighted average number of ordinary shares		221 586 387	225 593 381
Basic earnings / (loss) per share (in Euros per share)	28	**(0,14)**	**0,06**
Profit / (loss) attributable to equity holders of the company after dilution (€, 000)		(31 595)	14 202
Weighted average number of ordinary and potential shares		221 586 387	225 593 381
Diluted earnings / (loss) per share (in Euros per share)	28	**(0,14)**	**0,06**

Consolidated statement of comprehensive income

(in thousands of Euros)	2022	2021
Profit / (loss) for the period	**(31 595)**	**14 202**
Items that will not be reclassified to profit and loss, net of tax	**-**	**-**
Gains on Property, plant and equipment revaluation	-	-
Items that are or may be reclassified to profit and loss, net of tax	**(4 560)**	**2 085**
Currency translation differences arising during the period	(4 560)	2 085
Currency translation loss reclassified to profit or loss during the period	-	-
Total comprehensive income of the period	**(36 155)**	**16 287**

Consolidated statement of changes in equity

(in thousands of euros)	Share capital	Share premium	Other reserves	Retained earnings	Revaluation reserves**	Currency translation differences*	Total, Group share	Non-controlling interest	Total equity
Balance as of December 31, 2020, *restated*	**11 079**	**225 042**	**(118 608)**	**(81 762)**	**33 699**	**(35 592)**	**33 858**	**-**	**33 858**
	-	-	-	-	-		-	-	-
Other comprehensive income/(expenses) *	-	-	-	-	-	2 085	2 085	-	2 085
Transfer from other comprehensive income to retained earnings**	-	-	-	43	(43)	-	-	-	-
Net Income / (loss) for the year	-	-	-	14 202	-	-	14 202	-	14 202
Balance as of December 31, 2021	**11 079**	**225 042**	**(118 608)**	**(67 517)**	**33 656**	**(33 507)**	**50 145**	**-**	**50 145**
Other comprehensive income/(expenses) *	-	-	-	-	-	(4 560)	(4 560)	-	(4 560)
Transfer from other comprehensive income to retained earnings**	-	-	-	14 103	(14 103)	-	-	-	-
Net Income / (loss) for the year	-	-	-	(31 595)	-	-	(31 595)	-	(31 595)
Balance as of December 31, 2022	**11 079**	**225 042**	**(118 608)**	**(85 009)**	**19 553**	**(38 067)**	**13 990**	**-**	**13 990**

(*) Currency translation differences

Revaluation of Ukrainian hryvnia in the 2022 had significant impact on assets and liabilities of the Consolidated Financial Statements.

The negative impact of currency translation differences for 2022 amounts to **€4 560 k** and is composed of:

> **€ 4 223** k gain due to translation difference on current year loss arising from the difference between average (or daily) and closing rate (34,0 UAH/ EURO and 38,95 UAH/EURO respectively).
>
> **€ 8 783** k loss due to translating the opening net assets at a closing rate (38,95 UAH/EURO) that differs from the previous closing rate (30,92 UAH/EURO): the loss is due to the fact that retained earnings of Ukrainian entities are positive.

(**) Revaluation surplus on fixed assets disposed in 2022.

Consolidated cash flow statement

(in thousands of Euros)	Note	2022	2021
Profit / (loss) from continued operations		(31 595)	14 202
Profit / (loss) from discontinued operations		-	-
Profit / (loss) for the period		**(31 595)**	**14 202**
Depreciation on fixed assets		5 839	7 123
Provisions		-	-
Capital (gains) / losses from disposals		(14)	109
Net financial (income) / loss		3 673	2 654
Deferred and income taxes (income) / expense		410	(113)
Biological assets and finished goods fair value decrease / (increase)		14 503	(9 480)
Goodwill impairment		-	11 208
Impairment of fixed assets		-	-
Bad debt provision		394	-
Losses and expenses incurred as the result of war		13 672	-
Other (income) / expense with no cash impact		(45)	50
Cash flow from operating activities		**6 837**	**25 753**
Trade and other payables (decrease) / increase*		28	(907)
Inventories (increase) / decrease		(4 872)	(7 983)
Biological assets cost decrease / (increase)		1 559	3 059
Trade and other receivables decrease / (increase) **		(2 294)	468
Income tax paid		-	-
Working capital variation		**(5 579)**	**(5 363)**
Net operating cash flow		**1 258**	**20 390**
Cash flow from investing activities			
Purchase of property, plant and equipment		(865)	(3 054)
Purchase of intangible assets		(41)	(32)
Purchase of financial assets		-	(3 817)
Disposal of property, plant and equipment		44	286
Disposal of intangible assets		-	-
Disposal of financial assets		2 603	1 275
Net investing cash flow		**1 741**	**(5 342)**
Cash flow from financing activities			
Purchase/sale of treasury shares		-	-
Pledged term deposits decrease / (increase)	12	(46)	326
Proceeds from borrowings		-	3 605
Repayment of borrowings		(369)	(11 271)
Payment of lease liabilities for right-of-use assets		(2 443)	(6 005)
Gain / (losses) from realised foreign exchange		(99)	982
Paid interests		(116)	(2 663)
Net cash generated from financing activities		**(3 073)**	**(15 026)**
Effects of exchange rate changes on cash and cash equivalents		739	104
Net movement in cash and cash equivalents		**665**	**126**
Cash and cash equivalents at the beginning of the period	17	**4 408**	**4 282**
Cash arising from held for sale activities at the beginning of the period* **		-	-
Cash and cash equivalents at the end of the period	17	**5 073**	**4 408**
Cash and cash equivalents at the end of the period from discontinued operations		-	-
Cash and cash equivalents at the end of period from continued operations		**5 073**	**4 408**

** In the consolidated balance sheet, the accounts receivable as of December 31, 2022 include prepayments made to suppliers of the Group. In the consolidated cash flow statement, the variation in prepayments to suppliers (positive cash flow / decrease in receivable), which stands at € 1 370k, not inclusive of exchange rate effects, is presented as a change in accounts payable.*

*** In the consolidated balance sheet, the accounts payable as of December 31, 2022 include prepayments received from Group customers in respect of upcoming deliveries in the end of financial year 2022. In the consolidated cash flow statement, the change in customer prepayments (negative cash flow / decrease in debt), which amounts to € 311k, not inclusive of exchange rate effects, is presented as a change in accounts receivable.*

Notes to the Consolidated Financial Statements

The Consolidated Financial Statements of the AgroGeneration Group ("AgroGeneration", "the Group" or "the Company") for the year ended December 31, 2022 were authorized for issue by the Board of Directors on June 26, 2023. These Financial Statements are presented in thousands of euro for all financial years, except for the per-share information.

1. Scope of consolidation

The Group's Consolidated Financial Statements for the year ended December 31, 2022 include the accounts of AgroGeneration SA and of all companies controlled by the Group, as well as companies over which the Group exercises significant influence. Please refer to the Note 31 for the List of consolidated companies.

General information and background

AgroGeneration was created in March 2007. The parent company is a Joint Stock Company (AgroGeneration SA) recorded on the Paris Trade and Companies Register with number 494 765 951, whose shares have been listed on the Alternext market of NYSE-Euronext Paris since March 1, 2010.

The registered office address is 19 boulevard Malesherbes, 75008 Paris.

The information on ownership and governance is presented in the Note 29.1.

2. Major events of the period

2.1. Military invasion of Ukraine and Going concern risks

On 24 February 2022 Russian Federation launched a full-scale military invasion of Ukraine, followed by intense military actions unfolded in a number of regions of the country, mainly in the East and in the South of Ukraine. This invasion caused irreparable damage both to the entire economy of the country and to its separate industries.

In 2022, on the back of the full-scale Russian invasion of Ukraine, local agricultural producers reduced the amount of lands under sowings by 25% on average on the back of partial occupation, damaged fields, close proximity to the frontlines. Around 20 million of 2021 stock (mainly corn) was blocked in the Ukrainian seaports followed by sharp reduction in local crop prices and aggravating transportation and logistics (additionally affected by damaged railroads and other transport routs). Signed in late July 2022 export agreements between Ukraine, Turkey and UN helped ease the situation with oversupply in the country, but their full execution remains the subject for high uncertainty. Total value of direct damages to Ukrainian agricultural sector due to war is estimated at over $8.7 billion as of April 2023 with over 50% of the amount presented by by the destruction and damage to agricultural machinery.

The Kharkiv region, where all the land assets managed by the Group are located, is among TOP 5 regions (along with Luhansk, Kherson, Donetsk, and Zaporizhzhia regions) which were significantly affected by the war and is among those territories where active military conflict is still underway.

Thanks to the active counter-offensive of the Armed Forces of Ukraine in the Kharkiv region in early September 2022, those farmlands of AgroGeneration that were under occupation by Russian troops from the very beginning of the war, located in the Burluk and Balakliya regions, were liberated. Still, as of the date of this publication, the Management had no accurate information on the state of those lands, as access to them was restricted by Ukrainian military authorities due to the need to check them for Russian mines. In addition, the liberated regions continue to be subject to daily rocket and artillery attacks from the territory of the Russian Federation, as they are located near the border with the invader. Taking into account above mentioned, in Q3 2022, the Group launched the restructuring procedure aimed to carve out those assets and infrastructure of the Group, which became "toxic", as their value strongly decreased on the back of impossibility to operate such assets in foreseeable future. (Please see Note 5 for details). As of the end of 2022, the Group operated around 30,000 ha land bank reduced by half vs. pre-war state. Consequently, the management of the Group executed optimization procedures to bring general and administrative costs to a level that correlates with the new size of the Group's operations.

In 2022, on the back of the full-scale war, the Group suffered a significant negative material impact from hostilities and temporary occupation by Russian troops, which amounted to approximately €17 million, recognized in current annual consolidated financial statements, including lost crops, damaged machinery and infrastructure, inventories, etc. (Note 5). In addition, the following operational changes took place during the year, as the Group was forced to adapt to new military business conditions:

- Supplies. The Company managed to contract the entire necessary volume of fertilizers at the end of 2021, so there were no shortage observed during 2022; starting from February 2022, manual management of chemicals supplies was applied, meaning that alternatives were manually sought among those suppliers who had raw materials available and could physically deliver them to the Company's farms, but already at the end of 2022, the Company has resumed the work of the tender platform for determining the most attractive suppliers of chemicals, fertilizers, spare parts and seeds, as it was done before the war in Ukraine. Overall, during 2022, the Group had sufficient seeds, fertilizers, fuel, pesticides and other inputs required for the execution of sowing and harvesting campaigns, as well as the necessary vehicles, agricultural machinery and human resources.

- Sales. In 2022, significant deterioration in sales conditions due to the war was observed on the back of the blockade of the Ukrainian seaports in the first half of the year, significantly complicated logistics all over Ukraine caused by damages of infrastructure, low prices for agricultural products. After the attack of the Russian Federation, part of the Company's regular buyers, whose assets were located in the east and south of the country (processing plants, port terminals of Mykolaiv), suspended the purchase of grain and oilseeds from the elevators of the Kharkiv region, therefore the remnants of the 2021 harvest were sold in the spring and summer of 2022 with delivery to other regions of the country (Poltava, Lviv, Ternopil, Volyn, Chernivtsi regions). After the resumption of port exports in August 2022, the Company fully focused its export shipments to the ports of Odesa (Chornomorsk, Port Pivdenny, Odesa), although in previous seasons Group’s grain was primarily sent to Mykolaiv in order to reduce the cost of logistics. As of the end of 2022, the main direction for the Company's grain shipment was presented by the deep ports of Odesa, however, from time to time there were queues and delays with the unloading of grain due to the lack of free port capacities for storage on the back of the slow arrival of new vessels due to their long-term inspection within the framework of the "grain corridor". In addition, due to power outages caused by Russian massive missile attacks on energy infrastructure of Ukraine in late 2022 and early 2023, the loading of grain into cars or wagons at the elevators of the Kharkiv region was significantly slowed down.

- Selling, general and administrative and other operating expenses, as well as CAPEX, have been reduced to the minimum required to meet the primary needs of the Group's core business.

- Mobilization measures had a minor impact on the Company's activities. As of the end of 2022, 16 employees were mobilized (an average of 3 people per 1 legal entity of the Group), 3% of all Group personnel. Additional restrictions arose during 2022 due to the partial evacuation of personnel to non-frontline regions of Ukraine or abroad. Nevertheless, from the beginning of the war, the Company organized remote work for key employees. In addition, as of late 2022, 87 employees of the Company were subject to reservation and exemption from compulsory military service.

- Banking and trade financing. In 2022, the Company did not attract external sources of financing. Thanks to strong cash position of the Group at the end of 2021 (on the back of successful 2021 crop season and absolutely remarkable selling crop prices), the management of the Company was able to cover all operational expenses, including execution of 2022 sowing and harvesting campaigns in extremely difficult conditions of war and under significant loss occurred during the year. As of the end of 2022, a limited number of banks and trading partners was remaining available as a source of financing.

Management have prepared updated financial forecasts, including cash flow projections, for the twelve months from the date of approval of these financial statements, taking into consideration most likely and possible downside scenarios for the ongoing business impacts of the war. The developed forecasts were built based on the following key assumptions:

- further development of the war and the military invasion of Ukraine will enable utilization of existing Group's production facilities;
- ability to run harvesting and sowing campaigns on currently managed Group's land bank (around 30k hectares);
- all of the Group's assets available for the date of the forecasts development remain safe and in good condition;
- existing logistic routes will continue to be available;
- remaining 3rd party storage capacities will continue to be available;
- the Group will be able to procure sufficient levels of inputs (seeds, fertilizers, plant protection materials, fuel and other inputs for grain growing) for 2023 and 2024 crop seasons;
- the Group is considering additional external financing from banks or trading partners in the second half 2023 to finance operating activities of the Group.

These forecasts indicate that, taking into account the reasonably possible downsides, the Group has adequate resources to continue its operations within its scope (of c.a. 30,000 hectares) for the foreseeable future. Management acknowledges that future development of military actions and their duration represent a single source of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to sell its assets and discharge its liabilities in the normal course of business. The recoverability of Group's assets, as well as the future operations of the Group, may be significantly affected by the current and future macroeconomic environment. The full extent of the impact of further development of military actions on the Group's business is unknown, but its magnitude might be severe, as the war is ongoing as of the date of these statements publication. Despite the single material uncertainty relating to the war in Ukraine, management is continuing taking actions to minimize the impact on the Group and thus believes that application of the going concern assumption for the preparation of these consolidated financial statements is appropriate.

2.2. Impact of COVID-19 on the Group's operations

In December 2019, an outbreak of a new strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread worldwide. On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic. Ukraine declared a state of emergency on March 25, 2020. By the end of 2020, Ukraine had adopted a National COVID-19 Vaccination Roadmap, and a vaccination campaign started in February 2021. The Ukrainian government approved the use of AstraZeneca/Covishield, Sinovac Biotech, and Pfizer vaccines in Ukraine. In 2021, vaccinations were executed all over Ukraine.

Due to the COVID-19 pandemic, Ukrainian economic sectors was hit hard in 2020, and a slow recovery was observed in 2021, subject to global post-pandemic recovery. Due to vaccination conducted in 2021, Ukraine was able to soften the strictness of lockdowns allowing businesses to operate in the environment closer to normal while keeping minimum required preventive measures in place. Agriculture was among the least affected by quarantine restrictions, while service, trade and transport were the most affected.

In accordance with the national regulations and the best practices recommendations, AgroGeneration put in place sanitary measures in its operations to ensure employees safety, including observing social distancing, providing proper sanitizing and protective masks, organizing medical screenings at the office premises or local medical authorities, etc. from the very beginning of the pandemic outbreak. Administrative employees worked from home as much as possible. Travel were virtually eliminated so that employees may observe stay-in-place orders and quarantines, with those in field operations observing all sanitary norms. During 2021, the Company took a proactive position by promoting vaccination along with other measures aimed at securing employees' safety in line with the guidelines issued by the Government of Ukraine. The Group executed vaccination program for its employees at the local medical authorities. By the end of 2021, 92% of the employees in the corporate center of the Group and 50% of the employees in the farms were vaccinated.

In 2022, quarantine restrictions in Ukraine due to COVID 19 continued, but had adjustments due to the full-scale war launched by the Russian Federation as it invaded Ukraine in February 2022. Since the beginning of war and over the period of martial law, the government canceled the establishment of different levels of epidemic danger in Ukraine, still extended the quarantine and state of emergency to prevent the spread of COVID-19 (the latest extension was made in late April 2023 through June 2023). Due to the war, the daily number of vaccinations in the country has significantly decreased in 2022. Still, despite the war constraints, according to the Ukrainian government authorities, there are sufficient amount of vaccine in the country. All in all, as of April 2023, 5.5 million people were infected with COVID-19 in Ukraine since the start of the outbreak, of which over 112,000 died from the disease.

Since the start of the outbreak, there was no notable negative impact to AgroGeneration's operations, no change nor impact on the company's profitability position, and management does not see any material change to the company's business operations.

Should the situation worsen, the Covid-19 pandemic may have potential impacts on the financial statements: the company could potentially see an impact on future revenues, costs of inputs, timing of inputs supplies (and thus a change in yields), lower world crop prices, and increase storage costs. These and other factors could influence the cash flow of the company and the balance sheet. Management will continue to closely monitor the situation and assess the need for any future additional measures as the situation develops.

3. Financial risk management

3.1. Geopolitical risks in Ukraine

The Group conducts most of its operations in Ukraine. The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, relatively high level of inflation, and some imbalances in the public finance and international trade. Although Ukraine's economy demonstrated positive recovery trend in recent years, it has been growing well below potential and should have grown faster given the depth of its previous fall. Ukrainian government continued to pursue a comprehensive structural reform agenda aiming at the removal of the existing imbalances in the economy, public finance and governance, fighting corruption, reforming judiciary system, etc. with the ultimate goal to ensure sustainable economic growth in the country.

Until February 2020, the Ukrainian economy was in a robust macroeconomic state thanks to the successful implementation of a reform program, with declining public debt, falling inflation and positive growth forecasts. But the Covid-19 outbreak and associated lockdown measures resulted in a sharp economic downturn with visible negative impact observed by the end of 2020. Ukrainian economy returned back to growth in 2021, overcoming negative implications of COVID-related restrictions. Still, since February 2022, Ukraine is facing another sharp economic and geopolitical downturn on the back of Russian invasion of Ukraine launched on February 24th with impacts which cannot be accurately assessed for the moment as the war is ongoing in Ukraine to the date of this publication.

On 24 February 2022, Russian forces commenced a military invasion of Ukraine resulting in a full-scale war across the country. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. By April 2023, around 8.2 million individual refugees from Ukraine had been recorded across Europe, while up to 5.4 million people had been internally displaced in Ukraine. As of April 2023, over 5.0 million Ukrainians registered for temporary protection or similar national protection schemes in Europe. According to UN data as of March 2023, the largest number of refugees with the status of temporary protection are currently located in Germany (over 1.0 million people), Poland (up to 1.0 million people), and in the Czech Republic (around 0.4 million people). The War caused a disruption of supply chains, a decrease in supply of some goods, higher business costs, physical destruction of production facilities and infrastructure (in the energy sector in particular), and temporary occupation of some territories. Since the beginning of war Ukrainian seaports were blocked (until August 2022, when export agreements between Ukraine, Turkey and UN were signed) and airports were closed and had been damaged, as well as many roads and bridges had been damaged or destroyed, further aggravating transportation and logistics. According to World Bank report as of March 2023, the estimated cost of recover and rebuilding Ukraine from Russia's war in the country would be over $410 billion minimum. According to Ukraine's government latest estimates, the cost of damage to Ukraine economy and infrastructure is more than $700 billion.

Upon the start of the invasion, all Ukrainian Black Sea ports stopped provision of transhipment services due to the armed conflict in the territory of Ukraine, including seas' areas that fully froze exports made via Ukrainian seaports. Transportation of goods was performed by railway and trucks. After months of Russia's blockade of Ukrainian sea ports, the "Grain deal" was signed by Ukraine, UN, Turkey, and Russia on 22 July 2022. According to the deal, three Ukrainian Black Sea ports (Odesa, Chornomorsk and Pivdennyi) were unblocked at the beginning of August 2022. Although these three ports resumed their operations, the flow of vessels to / from Ukrainian Black Sea ports did not reach the pre-war levels due to the slow inspections of vessels leading to queues in the "grain corridor", and short-term nature of the "Grain Deal" requiring its prolongation every 3-4 months and, hence, making buyers reluctant to enter into new export contracts. As of late April 2023, 28.8 million tonnes of agricultural produce have already been exported through the "grain corridor".

After the start of the war in Ukraine in February 2022, the Ukrainian government, aiming to maintain macro stability and avoid a humanitarian catastrophe in the country, has implemented emergency measures to protect core government operations and ensure Ukrainians can continue to access cash and meet their most basic needs, including the fixation of the official exchange rate, postponement of the decision regarding the change of the key police rate, taxation amendments, etc. The National Bank of Ukraine (NBU) had taken steps necessary to ensure uninterrupted cash and cashless payments and to support the continuous functioning of the Ukrainian banking system under martial law. Despite the current unstable situation, the banking system remains stable, with sufficient liquidity even as martial law continues, and all banking services are available to its customers, both legal entities and individuals. Companies operating in Ukraine are paying taxes and money is still flowing through its financial system.

In June 2022, the NBU established the key policy rate at 25% p.a. compared with its previous level of 10% p.a. The updated forecast envisages maintaining this unchanged at least until Q1 2024. The exchange rate remained fixed at UAH 29.25 to the US Dollar until 21 July 2022, when it was increased to 36.57 by the NBU. According to the NBU, a fixed exchange rate remains an anchor for ensuring financial stability so the tight monetary conditions will be maintained. Once the economy and financial system return to normal operation, the NBU will revert to its traditional format of inflation targeting with a floating exchange rate. These measures aim to ensure the reliable and stable operation of Ukraine's financial system and facilitate the support for the Armed Forces of Ukraine, as well as the smooth operation of critical infrastructure. On 15 March 2022 the Verkhovna Rada of Ukraine has adopted the following tax regime till the end of martial law: cancellation of excise duty on fuel and decrease in VAT rate for fuel import from 20% to 7%.; annual revenue limit for applying simplified taxation system and pay a single tax has increased from UAH 10mln up to UAH 10 billion and tax rate fixed at 2%, no limitation on employees quantity for large companies; landowners are exempt from paying land tax and land rent in areas where fighting is taking place or temporarily occupied territories, or littered with explosive objects, period of exemption is from March 2022 to December 31 of the year following the year in which the martial law will be cancelled; transactions on voluntary transfer of any inventory, provision of services to the Armed Forces of Ukraine and territorial defense units are not taxed; penalty for violating tax law is not charged; environmental tax on facilities located in areas where fighting took place or temporarily occupied territories was cancelled for 2022. In March 2022 the government has introduced a zero quota on export of mineral fertilizers, cattle, cattle meat, rye, buckwheat, millet, sugar and table salt. Export of wheat, corn, chicken meat, eggs, sunflower oil are subject to licensing. Export of gas of Ukrainian origin is prohibited.

Since the beginning of war in Ukraine, international organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, have provided Ukraine with bilateral and concessional financing, donations and material support. In 2022, Ukraine received over USD 32 billion in international assistance, of which over USD 14 billion was in the form of grants. This enabled the country to finance a larger portion of the consolidated budget deficit (over 27% of GDP, excluding grants), and to increase international reserves, to USD 28.5 billion by the end of the year. With already announced international aid the overall official financing in 2023 could exceed $38 billion.

Economic activity started to recover due to the liberation of northern regions and a decrease in the number of regions affected by active hostilities. Thanks to the rapid adaptation by businesses and households to the new conditions and improved results of in the second half of 2022, the decline in real GDP for the whole 2022 is estimated at 30.3%. According to the National Bank of Ukraine's (the NBU) most recent forecast, the NBU expects growth in real GDP to be weak in 2023 at 0.3%, increasing in 2024 to 4.1%, an accelerating in 2025 to 6.4%, however, the outlook could worsen sharply if the conflict lasts longer. War-caused damages and disruptions, persistently high energy prices and record-high inflation in partner countries fueled price pressures in Ukraine. Inflation expectations of businesses and households increased markedly. This was reflected in deteriorating maturity structure of bank deposits and higher spending on some durable goods, primarily imported goods. In the second half of 2022 inflation has stabilized, although it remains high at 26.6% as of the end of 2022; according to the NBU recent forecast it will decrease to 18.7% in 2023.

All in all, the magnitude of the Ukrainian economy contraction, however, is subject to a high degree of uncertainty related to the duration and intensity of the war, which is still ongoing. Further economic growth in the country depends upon the resolving the Russia invasion of Ukraine and upon success of the Ukrainian government in realization of new reforms and recovery strategy (incl. cooperation with the international funds) after stopping the invasion.

The known and estimable effects of the above events on the financial position and performance of the Group in the reporting period have been taken into account in preparing these consolidated financial statements. All farming subsidiaries of the Group are located in the Kharkiv oblast of Ukraine, where there is a high risk in the further escalation of military conflict, which is already in place since February 2022. Sowings of the Group in 2022 in the Kharkiv oblast represented around 30,000 ha. Management is monitoring the developments in the current environment and taking actions, where appropriate, to minimize any negative effects to the extent possible. Further adverse developments in the political, macroeconomic and/or international trade conditions may further adversely affect the Group's financial position and performance in a manner not currently determinable.

3.2. Risks related to changes in the legal and fiscal environment

Ukraine currently lacks a comprehensive legal system allowing it to foster and consolidate a stable market economy. Its fundamental laws are relatively recent, little tested, subject to change and often characterised by ambiguity and inconsistency. While the pace of change of Ukraine's legislative framework is fast, several fundamental laws are still in the process of discussion or adoption by the Ukrainian parliament.

Uncertainties also arise due to the fact that different regulatory authorities can choose to reinterpret an applicable law, particularly in the field of taxation, possibly with retroactive effect. Also, the corpus of law relies on implementing decrees which have often not yet been promulgated, creating legal loopholes or else that have been promulgated with substantial differences in relation to the rules and conditions established by the corresponding law, which generates a lack of clarity and many conflicts between companies and the authorities.

No assurance can be given that the legal and fiscal environment in which the Company operates will become more stable in the near future. Insofar as Ukraine is continuing to develop its corpus of law, some existing laws might change and have a negative impact on the Company.

3.3. Risks related to changes in exchange rates

Incomes and expenses of the Group are partly exposed to changes in exchange rates, particularly the euro, the USD and the hryvnia.

Ukraine operations

Starting July 9, 2012 the National Bank of Ukraine (NBU) fixed the exchange rate for USD / hryvnia at the rate of 7,993 hryvnia per 1 USD. On February 6, 2014 this measure was released and NBU stopped supporting the exchange rate of hryvnia. This measure together with the economic situation resulted in a sharp decline of hryvnia foreign exchange rate which reached 15,77 UAH/USD as of the end of 2014. During 2015 –2021 hryvnia continued its decline till 27,28 UAH/USD as of the end of 2021.Reacting to the Russian aggression against Ukraine on February 24th 2022 the NBU fixed exchange rate at UAH 29.25 to the US Dollar until 21 July 2022, when it was increased to 36.57 by the NBU. According to the NBU, a fixed exchange rate remains an anchor for ensuring financial stability so the tight monetary conditions will be maintained. Once the economy and financial system return to normal operation, the NBU will revert to its traditional format of inflation targeting with a floating exchange rate.

The devaluation of hryvnia against the euro was in line with EURO/USD exchange rate.

Ukrainian legislation concerning the hryvnia prohibits the use of most of the exchange rate hedging instruments that are available in other countries. Options, futures, forwards, and swaps are not available in hryvnia. Therefore, AgroGeneration does not actively cover its exposure to fluctuations in the hryvnia on financial markets.

The Group is partially naturally hedged against a risk of change in exchange rate of the hryvnia against the USD. Indeed, in the scope of its operations in Ukraine, crop revenues and some of the Group's costs (seeds, chemicals, pesticides, etc.) are influenced by worldwide commodity market in USD even if denominated in UAH. In case the local price is not automatically adjusted to the international market, the Group has sufficient storage capacity to postpone its sales.

At last, the currency risk in relation to USD denominated liabilities for crop financing is partially mitigated by the existence of USD export sales.

Financial debt

Interest rate risk sensitivity analysis

At December 31, 2022, if interest rates (for both variable-rate and fixed-rate borrowings) at that date had been 10 basis points higher/lower with all other variables held constant, interest expense for the year would have been € 177k higher/lower).

Foreign currency exchange rate sensitivity analysis

The Group's foreign currency denominated monetary assets and liabilities as of December 31, 2022 consist of US dollar denominated cash equivalents, other debts. Other monetary assets and liabilities are not significant.

At December 31, 2022, if the USD had weakened/increased versus EUR by 10 per cent with all other variables held constant, pre-tax profit for the year would have been € 211 k higher / lower.

3.4. Risks related to commodities price changes

Due to the size of its grain production, the Group is exposed to fluctuations of crop prices.

For a few years in a row, agricultural markets have been characterized by high volatility of prices, which depend on world prices which are mainly formed on the stock exchanges of agricultural products. The main factors affecting prices are the climatic factors, the level of energy and inputs prices, and the seasonality of demand.

The market for agricultural commodities in Ukraine is subject to fluctuations in agricultural commodity prices on international markets. It is also subject to conditions of Ukraine's local demand and export capacity, especially when export quota policies are set up, as was the case in 2010. Since Ukraine is a member of the WTO, these quotas are intended to be exceptional and of limited duration, justified only by a significant reduction in production on a country-wide scale. To limit this risk, the Group has developed its own storage capacity enabling it to better manage the pace of commercialization of its production.

The Group hedges against the pricing risk, making forward sales in Ukraine (sales at a fixed price with forward delivery, denominated in U.S. dollars) in the months prior to the harvest, so as to lock in its margin.

3.5. Liquidity risks on crop financing

The main liquidity risk arises from the seasonality of agricultural production. Costs and required working capital reach their peak in spring ahead of the harvest. The cash inflows are concentrated in the second half of the year after harvest. The Group remedies this seasonality by expanding its own storage capacity which allows it to sell its production throughout the year. In addition, the management team controls the liquidity risk by monitoring key performance indicators, including those regarding cash flow.

Companies face significant liquidity problems due to poor sources of foreign investment and low lending capacity by the domestic banking system. The Group is considering additional external financing from banks or trading partners in the second half 2023 to finance operating activities of the Group.

In addition to the above elements, the Group is putting in place alternative sources of financing, such as prepayments of forward contracts and the use of guaranteed promissory notes and extended credit terms provided by some of the input suppliers. These additional sources of financing give additional comfort to continue normal operations through the harvest season.

3.6. Counterparty risks

The Group is exposed to credit risks through its cash and cash equivalents, which are kept in current accounts and with financial institutions (local banks), its supplier credit and customer credit, which includes commitments towards third parties. Credit risks are not concentrated in a particular counterparty. Although the company receives lines of credit from many input suppliers during the season, there is no line of credit secured in advance by the company because the Group manages its positions on a case by case basis.

3.7. Capital repatriation risks

Risks related to repatriation of capital come from the investments in its Ukrainian subsidiaries. To date, foreign groups are able to repatriate their capital through dividend payments or the repayment of shareholder loans without tax implications. AgroGeneration finances most of its investments in Ukraine via shareholder loans, normally through its Cypriot entities. The capital repatriation risks are linked to these investments. Possible changes in the political environment in Ukraine or in Cyprus could lead to restrictions on repatriation of capital invested in this country.

4. Critical accounting judgments and estimates

The preparation of Consolidated Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are the following.

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

4.1. Impairment test on intangible assets

Intangible assets are tested for impairment at each balance sheet date and whenever there are indications of impairment. The outcome of this exercise is highly sensitive to certain assumptions (weighted average cost of capital, fluctuation of the commodities price, yields).

4.2. Fair value of biological assets and net realisable value of agricultural produce

The Group's biological assets are measured at fair value less costs to sell at each balance sheet date. The fair value of biological assets varies according to climatic conditions during growth and harvest, yield potential and price development. A change in any of these estimates could lead to a material change in the income statement. If the management team's assumptions as of December 31, 2022, would have been by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 335 k.

The agricultural produce harvested by the Group is first fair valued at the harvest date when accounted for in inventory in the "Agricultural produce". They are later revalued at the lower of that fair value and the net realizable value at the balance sheet date. The value used for agricultural produce in the assessment of fair value at harvest time and subsequently for the net realizable value at the balance sheet date is determined based on the actual prices less costs to sell at the point of harvest and contract prices on the presold crops.

4.3. Equity-settled share-based transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

4.4. Fair value of fixed assets

Starting from January 1, 2015 the Group applies revaluation model to its tangible assets situated in Ukraine, such as buildings, constructions, machinery and equipment and other assets.

Under this model, property is carried at fair value less any subsequent accumulated depreciation and impairment losses. An impairment loss is recognized in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Estimating the fair value of property requires the exercise of judgment and the use of assumptions. At each reporting date, the Group carries out a review of the macroeconomic factors such as, inflation rate in Ukraine and depreciation of UAH, to determine whether the carrying amount of tangible assets differs materially from fair value.

Based on the results of the review, the Group concluded that the carrying amount of building, constructions, machinery and equipment and other assets does not materially differ from the fair value as of December 31, 2022.

5. Operational restructuring: partial asset liquidation

In 2022, on the back of the Russian invasion of Ukraine started in February and still ongoing, around 25,000 hectares of the Group's farmlands with fixed assets and related production infrastructure on mentioned farmlands were recognized by the Management to be "toxic", as their value strongly decreased, being (i) destroyed or damaged on the back of military activities, (ii) located near the frontlines with no access to them and inability to use such assets (including extensive mining), (iii) assets, for which the Company incurred expenses or increased liabilities but was unable to use such assets. "Toxic" assets included agricultural equipment, fixed assets and real estate, inventory and land assets. Four production farms out of six comprising the Group had such "toxic" assets with different amounts of asset loss. The described "toxic" assets were not operated by the Group in 2022 and were not prepared to be operated during the coming production seasons. Still, the Company was required to continue accruing "toxic" farmlands lease cost, paying it or creating financial reserves for these obligations on annual basis (over $2M per year, or over $6M for the next three years). In addition, such farmlands required substantial expenses for their restoration, including cost of de-mining and re-cultivation, and capital expenditures into machinery and production infrastructure renewal. The Management assessed the total costs for maintenance (incl. land lease cost) and restoration of the “toxic” assets at over $50M.

The restructuring procedure seemed to be the sole option that the Group had, beside a massive injection of cash. The other option would be to wait on possible states' subsidies at the end of war, not under discussion yet.

The purpose of the restructuring was to completely write off from the balance sheet of the Group assets, property, property rights and related obligations, etc., which were damaged, lost or otherwise negatively affected after February 24, 2022 during the martial law as a result of the armed aggression of the Russian Federation.

The list of entities that were the subject to further liquidation included Donets farm, Burlutske farm, newly created Barvinkivska Agro and Podolivska Agro companies (to which the “toxic” assets that were initially recognized on the balance sheets of the Podolivska and Barvinkivska farms were transferred). The scope of operating leased lands derecognized in the process of reorganization represented around half of the original 56 thousand hectares operated by the Group at the beginning of the year 2022 before the war.

A tender for the selection of a liquidator company was conducted in September 2022. In early October 2022, the contract with the chosen liquidator company was signed.

As of December 31st, 2022, these 4 companies (including Burlutske and Donets) are not included into consolidated legal structure of the Group. Group liabilities were valued at $1.1M to be paid to the liquidator company for the liquidation execution.

Total net loss of damaged assets and resulting reorganization is represented in these Consolidated financial statements as follows:

Losses, expenses and other effects as the result of war (in thousands of Euros)	**2022**
Direct material losses and costs caused by war (fixed assets, bio-assets and work in progress, inventory stocks, charity)	(15 528)
Costs incurred on the liquidation procedure	(1 130)
Total losses and costs incurred in 2022 as the result of war	**(16 658)**
Less positive effect of reduction of the Right of Use Land Liabilities, net	1 210
Net loss on the war damages and resulting de-recognition	**(15 448)**

6. Events after the balance sheet date

6.1. Trade financing

In the first quarter of 2023, Group companies attracted short-term trade financing from long-standing partner – Agropetsinvest company. The partner supplied agricultural materials in first quarter with the

deferral of repayment till 1st December 2023. In the framework of this trade financing AgroGeneration SA stood the Corporate Guarantee for the reimbursement of the supplier debt of 1.7M USD.

7. Summary of significant accounting policies

The principal accounting policies applied are summarized below.

7.1. Basis of preparation and changes in accounting policies

AgroGeneration's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU) as of December 31, 2022. They comprise (i) the IFRS, (ii) the International Accounting Standards (IAS) and (iii) the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

The Group's Consolidated Financial Statements include the Financial Statements of AgroGeneration and those of all its subsidiaries as of December 31, 2022. The Financial Statements of the subsidiaries are prepared for the same accounting period as those of the parent company and are based on the same accounting policies.

The IFRS accounting policies used by AgroGeneration in the preparation of these Consolidated Financial Statements as of December 31, 2022 are the same as for 2021 ones presented, except for those pertaining to the effect of the new or amended standards or interpretations detailed below.

Standards and amendments pronouncements in the European Union for financial period beginning on January 1, 2022

- Amendments to IFRS 3 – Reference to the Conceptual Framework (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (applied for annual periods beginning on or after 1 January 2022).
- Amendment to IFRS 16 Leases – treatment of lease incentives (applied for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 41 Agriculture – Taxation in fair value measurements (applied for annual periods beginning on or after 1 January 2022)

- Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions (the amendment is effective 1 June 2020 but, to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements—interim or annual).
- Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (applied for annual reporting periods beginning on or after 1 April 2021)

Standards and amendments pronouncements in the European Union for financial period beginning on or after January 1, 2023

New or revised standards

Endorsed by EU

- IFRS 17 – Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2023).

Amendments to the standards
Endorsed by EU

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (applied for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 (applied for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 - Definition of Accounting Estimates (applied for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applied for annual reporting periods beginning on or after 1 January 2023)
- Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 — Comparative Information (applied for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (applied for annual reporting periods beginning on or after 1 January 2024)
- Amendments to IAS 1 - Non-current Liabilities with Covenants (applied for annual reporting periods beginning on or after 1 January 2024)

Not yet endorsed by EU

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (applied for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (applied for annual reporting periods beginning on or after 1 January 2023). *Endorsed for use in the EU, however, as practice statements are not endorsed for application in the EU, the amendments to IFRS Practice Statement 2 have not been endorsed.*

These standards did not have and are not expected to have material effect on the Group's financial statements.
In 2021 the Group has changed its accounting policy for finance lease liabilities and correspondent right-of-use assets in accordance with IFRS 16. This modification provides to include the full actual land lease payment, as opposed to contractual only, to the measurement of right-of-use assets and lease liabilities. Please refer for more details to the Note 5 of the Consolidated Financial Statements for the year 2021.

7.2. Consolidation

(a) Subsidiaries

All the subsidiaries in which the Group exercises control are fully consolidated. Control exists when all the following conditions are met:

- power over the subsidiary;
- exposure, or rights, to variable returns from its involvement with the subsidiary;
- the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The Group does not exert joint control over any of the entities within its scope of consolidation as at December 31, 2022.

All intercompany balances and transactions as well as income, expenses and unrealised gain/losses, which are included in the net book value of assets, which derive from intercompany transactions, are fully eliminated.

(b) Accounting for business combinations

The acquisitions of subsidiaries from third parties (which constitute Business Combination under IFRS) are accounted for using the acquisition method. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair values.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired subsidiary, and the fair value of the Group's previously held equity interest in the acquired subsidiary (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

In case identifiable net assets attributable to the Group, after reassessment, exceed the cost of acquisition, the difference is recognized in the Consolidated Income Statement as a bargain purchase gain.

7.3. Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of each Group entity are measured using the currency of primary economic environment in which the entity operates (“the functional currency”).

The functional currency of the parent and Cypriote subsidiaries is the euro (EUR) and the functional currency of Ukrainian subsidiaries is the hryvnia (UAH).

The presentation currency of the Consolidated Financial Statements is the euro (EUR).

(b) Foreign transactions

Foreign currency transactions are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as financial income and expense in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Long-term intercompany loans to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are classified as net investments in the foreign operation.

Where a subsidiary that is a foreign operation repays a net investment loan but there is no change in the parent’s proportionate percentage shareholding, cumulative translation adjustment is not reclassified from other comprehensive income to the income statement.

(c) Translation of Financial Statements expressed in foreign currencies

The income statements and statements of financial position of all Group entities that have a functional currency different from the presentation currency (none having a currency of a hyperinflationary economy as of December 31, 2022) are translated into the presentation currency as follows:

- Assets and liabilities of the statement of financial position are translated at the exchange rate of closing date,
- Revenues and charges in the income statement are translated at exchange rates at the dates of the transactions (for practical reasons, the Group translates items of income and expenses for each period presented in the financial statements using the average exchange rates for such an accounting period, if such translations reasonably approximate the results translated at exchange rates prevailing on the dates of the transactions),
- Residual foreign exchange differences are recognized in a separate component of equity.

The exchange rates used for translating Financial Statements of subsidiaries in Ukraine are the following:

	December 31, 2022		December 31, 2021	
Monetary unit per € 1	**Average**	**Average**	**Average**	**Closing**
Ukrainian Hryvnia (UAH)	34,00	38,95	32,30	34,74
American Dollar (USD)	1,05	1,07	1,18	1,23

The rates used for the hryvnia and the U.S. dollar are those of the National Bank of Ukraine ("NBU") in force.

Exchange rate differences on a monetary item forming part of the net investment of the entity presenting the Financial Statements in a foreign operation are recognised in other comprehensive income and reclassified from equity to Income Statement upon partial or total disposal of this net investment.

Goodwill and fair value adjustments recognised in the acquisition of a foreign entity are recognised as assets and liabilities of the foreign entity and translated at closing exchange rate.

7.4. Intangible assets

The main intangible assets recognised are goodwill and leasehold rights. These have been recognised as part of the business combination process.

Subsequent to initial recognition goodwill is recognized at initial cost less accumulated impairment losses, if any.

Cash-generating unit (CGU) for the goodwill impairment test was determined to be equal to the operating segment "Ukraine".

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

7.5. Property, plant and equipment

Starting from January 1, 2015 the Group applies revaluation model for fixed assets situated in Ukraine. Under this model, fixed assets are carried at fair value less any subsequent accumulated depreciation and impairment losses.

Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the date of reporting period.

The acquisition cost of the tangible fixed assets includes all the expenses directly attributable to the acquisition of the fixed assets. Subsequently capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The carrying amount of the replaced limited-life component is derecognised.

Fixed assets are depreciated over their estimated useful lives:

- Buildings 10 – 55 years
- Machinery and equipment 5 – 30 years
- Other tangible assets 3 - 30 years

Production facilities represent immobile agricultural production equipment, mainly dryers and cleaners. Machinery and vehicles include other mobile agricultural equipment (tractors, combines, harvesters, seed planters, trucks etc.).

The assets' useful lives are reviewed, and adjusted if appropriate, at each financial year-end. The effect of any changes from previous estimates is accounted for prospectively as a change in an accounting estimate.

The gain or loss arising on a sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Construction in progress comprises costs directly related to the 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 construction in progress 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.

On the subsequent sale or retirement of revalued assets, the revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

7.6. Impairment of non-financial assets

Non-financial assets other than goodwill are reviewed for possible impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognized immediately in the Consolidated Income Statement unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

7.7. Agriculture

(a) Definitions

The Group accounting policies for agricultural activities are based on IAS 41 "Agriculture".

Agricultural activity is defined as a biological transformation of biological assets into agricultural products or into other biological assets.

Group classifies following biological assets: crops in field and livestock.

Agricultural produce are the products of the harvest of biological assets of the Group and produce received from cattle breeding, i.e. harvested grain that is stored, milk, meat and other livestock produce.

The Group recognizes a biological asset or an agricultural produce when the Group controls the asset as a result of past events, and it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value or cost of the asset can be measured reliably.

(b) Biological assets

Biological assets are measured at initial recognition and at each balance sheet date at their fair value less costs to sell, with any resulting gain or loss recognized in the income statement. Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

Biological assets are measured using the present value of expected net cash flows from the sale of an asset discounted at a current market determined rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset. The difference between fair value less costs to sell and total production costs is allocated to biological assets held in stock as of each reporting date as a fair value adjustment.

Based on the above policy, the principal groups of biological assets are stated as follows:

(i) *Crops in fields*

The fair value of crops in fields is determined by reference to the discounted cash flows that will be obtained from sales of harvested crops, with an allowance for costs to be incurred and risks to be faced during the remaining transformation process.

The fair value of plant-growing Biological assets is determined based on, among other estimates, weather conditions, quality of soils, growth potential, yields, harvest conditions and price development.

As of December 31, 2022, the Group had identified for each type of plant growing biological asset their respective principle market, and measures their fair value based on the following:

in determining prices

- Management assessment of future prices at the date of harvest reconciled to the Ukrainian FOB prices or Western markets offset prices on the balance sheet date. These prices have been reduced by fobbing and transport costs.

in determining yields

- Management assessment of future yields for crop based on the most relevant recent data from the crop surveys carried out in the fields.

Given the nature of these input parameters, the fair value of the biological assets is categorised as Level 3 as defined by IFRS 13. Change in any estimates could lead to recognition of significant fair values changes in income statement.

(ii) *Livestock*

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. Cattle, for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable, are measured using the present value of expected net cash flows from the asset discounted at a current market-determined pre-tax rate.

Biological assets are recorded as current or non-current assets based on the operational cycle of the Group’s biological assets.

(c) Agricultural produce

Agricultural produce harvested by the Group is initially measured at the time of harvest at its fair value less cost to sell at the point of harvest. It is subsequently recorded as inventory in “Agricultural produce” and stated at the lower of fair value at the time of harvest and net realizable value. This valuation at net realizable value is presented in the form of inventory depreciation. ("Change in fair value of finished goods", cf. Note 15).

The value of agricultural produce used for the assessment of fair value at the time of harvest and subsequent net realizable value is determined based on the actual prices less costs to sell at the point of harvest and contract prices on the presold crops.

(d) Work in progress (inventory of work in progress)

Work in progress is represented by the costs of preparing the land which has not been sown at balance sheet date (case of spring plants in Ukraine – corn, soybean, sunflower, etc. – when valued as of December 31). The soil preparation costs are measured on the basis of the historical costs incurred by the Group.

7.8. Leases, Right-of-use assets and lease liabilities

Leases are recognized, measured and presented in line with IFRS 16 *Leases.* The Group recognizes a right-of-use assets and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability if initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments,
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under the purchase option that the Group is reasonably certain to exercise, lease payment in an optional renewal period if the Group is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (leases with lease term of 12 months or less, without any purchase option). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts recognized in profit or loss

(in thousands of Euros)	2022
Interest on lease liabilities	2 395
Additional lease payments not contractual and not included in the measurement of lease liabilities*	-
Income from sub-leasing right-of-use assets	67
Expenses relating to short-term leases	138

Amounts recognized in the statement of cash flows

(in thousands of Euros)	2022
Total cash outflow for leases	2 443

7.9. Government grants

An unconditional government grant is recognised as income when the government grant becomes receivable.

If a government grant is conditional, the Group recognises the government grant as income when the conditions attaching to the government grant are met (area-aid environmental subsidies) and until then aid received is recognised as a liability.

7.10. Inventories

(a) Raw material and other supplies

Inventories are stated at the lower of cost and net realizable value. Costs comprise raw materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present locations and condition.

Cost is calculated using the weighted average cost method. Net realizable value is determined as the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(b) Finished goods (agricultural produce)

Cf. note 7.7 (c) – Agriculture.

(c) Work in progress

Cf. note 7.7 (d) – Agriculture.

7.11. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or to the exercise of new options are recorded directly in equity as a deduction from the issue premium, net of tax effects.

7.12. Current and deferred income tax

(a) General tax treatment

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

The tax rates applicable on December 31, 2022 are 25% in France, 18% in Ukraine (see (b) Agricultural tax schemes for agricultural concerns in Ukraine) and 12,5% in Cyprus.

Tax reform measures in France (2016) already provided for a progressive reduction of the ordinary corporate tax rate from 33,33% to 28%. The Finance Law for 2018 provides for a further progressive reduction of the corporate income tax rate to 25%, fully applicable for financial years opened in 2022. The schedule for phased-in application of the progressive reduction will be as follows:

- For financial years opened as from 1 January 2020, the 28% rate of corporate income tax has become the new "ordinary rate" (for all profits).
- For financial years opened as from 1 January 2021, the ordinary rate of corporate income tax has been reduced to 26.5%.
- For financial years opened as from 1 January 2022, the ordinary rate of corporate income tax will be reduced to 25%.

The deferred tax is determined using the tax rate and the tax regulations in effect or in effect in essence at the balance sheet date and which are likely to be applied when the deferred tax assets will be used or when the deferred tax liability will be paid.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

However, the deferred tax is not accounted for if at initial recognition of an asset or a liability at the time of a transaction other than a business combination the transaction has no implications for the accounting income or the taxable income.

Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when:

- The Group has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities;
- The Group has an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously;
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

(b) Agricultural tax scheme for agricultural companies in Ukraine

In Ukraine, a company is considered to be a farming company if at least 75% of its revenues from the previous fiscal year arise from the sale of agricultural products. In this case, a farming company enjoys special regime on corporate income tax.

Starting from January 1, 2017, the privileged VAT regime for agricultural companies has been cancelled. For more detailed refer to the Consolidated Financial Statements as of December 31, 2016.

Corporate income tax: agricultural companies are not subject to corporate income tax but to the tax on land which is calculated on the basis of a percentage of the value of the land used for agricultural production. The related corresponding costs are classified in "Cost of sales".

Among the 7 legal entities that the Group controls in Ukraine as of December 31, 2022, 4 are involved in agricultural production and are eligible for the special tax regime for agricultural companies in Ukraine in 2022.

7.13. Employees benefits

(a) Pension obligations

The Group does not operate any significant pension schemes. The contributions to the local pension funds are treated as defined contribution benefits.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

7.14. Provisions

Provisions must be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

7.15. Revenue

Revenue represents the proceeds from ordinary business activities. These proceeds are measured at fair value of the counterparty received or to be received for the sale of goods or services in the scope of the Group’s typical operations.

The proceeds from typical operations presented for the Group's Ukrainian activities exclude the VAT collection on sales.

These same proceeds from agricultural operations are presented net of discounts and rebates, and after elimination of intra-Group sales.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
The following specific recognition criteria must also be met before revenue is recognized:

- Sale of Goods and Finished Products – Revenue is recognized when the significant risks and rewards of ownership of goods for resale and finished products have passed to the buyer, the amount of revenue can be measured reliably and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The point of transfer of risk, which may occur at delivery or shipment, varies for contracts with different types of customers.
- Rendering of Services – Revenue is recognized in the accounting period in which services are rendered.

The Group’s main revenue arises from the sales of agricultural produce.

7.16. Share-based payment

The fair value of services assumed to have been received in exchange for the equity instruments (warrants) issued is recognised as an expense in the income statement and in other reserves in equity during the vesting period (from the grant date of warrants until the vesting date). The fair value of the services received is determined by reference to the fair value (market value) of equity instruments granted at the grant date.

8. Segment reporting

As of December 31st, 2022, The Group had one operating segment in Ukraine, which was composed of 7 legal entities operating around 30 000 hectares of farmland. Following operational restructuring initiated by the Group in Q3 2022 on the back of the full-scale invasion of Ukraine by the Russian Federation started in February 2022, two legal entities (precisely Donets and Burlutske farms) as well as part of the Group’s assets (including land lease rights) of the Podolivska and Barvinkivska farms were disposed as of the end of 2022.

9. Intangible assets and land leases

(in thousands of Euros)	Gross value			Depreciation			Net Book Value		
	Good-will (1)	Others (2)	Total	Good-will	Others	Total	Good-will	Others	Total
December 31, 2020	18 631	329	18 960	(7 738)	(213)	(7 951)	10 893	116	11 009
Change in scope	-	-	**-**	-	-	**-**	-	-	**-**
Purchases of assets	-	32	**32**	-	-	**-**	-	32	**32**
Depreciation	-	-	**-**	(11 208)	(40)	**(11 248)**	(11 208)	(40)	**(11 248)**
Exchange rate differences	315	44	**359**	-	(27)	**(27)**	315	17	**332**
Disposals of assets	-	(1)	**(1)**	-	1	**1**	-	-	**-**
December 31, 2021	18 946	404	19 350	(18 946)	(279)	(19 225)	-	125	125
Change in scope	-	-	**-**	-	-	**-**	-	-	**-**
Purchases of assets	-	41	**41**	-	-	**-**	-	41	**41**
Depreciation	-	-	**-**	-	(27)	**(27)**	-	(27)	**(27)**
Exchange rate differences	-	(75)	**(75)**	-	55	**55**	-	(20)	**(20)**
Disposals of assets	-	-	**-**	-	-	**-**	-	-	**-**
Impaired losses caused by war (3)	-	(110)	**(110)**	-	55	**55**	-	(55)	**(55)**
December 31, 2022	18 946	260	19 206	(18 946)	(196)	(19 142)	-	64	64

(1) Goodwill - Impairment test

The group historically used to test annually whether goodwill has suffered any impairment. Cash-generating unit (CGU) for the goodwill impairment test was determined to be equal to the operating segment "Ukraine" (Note 8).

The *recoverable amounts* of cash-generating units historically used to be determined based on value-in-use calculations. Value in use was determined using the method of discounted cash flows (DCF) based on operational forecasts.

The main assumptions and the total amount recoverable obtained historically used to be compared with Market Capitalization for the reasonableness check.

Since the end of 2021, the political risks and risks of escalations with Russia have been intensifying, turning to the full-scale military Russian invasion of Ukraine on February 24, 2022 (please refer to the details to the Note 3.1).

The force-majeure situation in Ukraine and for the AgroGeneration particularly has undermined viability to make any long-term operational forecasts for AgroGeneration, which constrainedly lost almost half of its operated farmlands.

Furthermore, continued war has significantly undermined the world economy, being reflected among others in volatility of commodity prices, disrupted supply channels, inflation rates.

The main assumptions that are usually used for the purpose of impairment test include: budgeted operational forecasts for the next five years with the solid understanding of the area of farmlands operated (defined CGU), yields, input and output prices, long-term WACC of the Group. Long-term projections of these parameters as of December 31, 2021, as well as of December 31, 2022, are not verifiable since are subject to the significant uncertainties as the result of the worldwide negative consequences of the war. The degree of subjectivity (without objective / realistic assumptions applied) limits the effectiveness of the testing.

In a view of the limitations to make reliable long-term projections and estimates for the CGU - full operational scope – operated as of December 31, 2021, the Group was not capable to test goodwill for impairment.

Being objectively restricted to conduct reliable and effective testing to confirm the book value of the goodwill and referring to the increasing risks in Ukraine as of 31.12.2021 the Group recognised impairment of the goodwill in the full amount of EUR 11,2 million in the Consolidated Income Statement 2021.

(2) Other intangible assets include administrative software.

(3) Impaired losses caused by war (please refer to the details to the Notes 2.1 and 5)

10. Right of use assets (Land)

(in thousands of Euros)	Gross value	Depreciation	Net value
December 31, 2020 - as restated	**19 919**	**(6 812)**	**13 107**
Additions	82	-	82
Disposals	(27)	7	(20)
Depreciation	-	(3 150)	(3 150)
Exchange rate differences	2 501	(939)	1 562
Other changes	887	918	1 805
December 31, 2021	**23 362**	**(9 976)**	**13 386**
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	(2 403)	(2 403)
Exchange rate differences	(3 952)	1 763	(2 189)
Disposal due to restructuring as the result of war (1)	(9 672)	4 008	(5 664)
Other changes	2 889	706	3 595
December 31, 2022	**12 627**	**(5 902)**	**6 725**

(1) Right-of-use assets in respect of land in the area significantly suffered from hostilities of Russian invasion of Ukraine in 2022 that were derecognised within the following operational restructuring procedure (please refer to the details to the Notes 2.1, 5 and 18)

11. Property, plant and equipment

(in thousands of Euros)	Gross value					Depreciation				Net Book Value				
	Build-ings	Agricultu-ral machinery and others	Right-of-use Assets	Construction in progress and prepayments	Total	Build-ings	Agricultu-ral machinery and others	Right-of-use Assets	Total	Build-ings	Agricultu-ral machinery and others	Right-of-use Assets	Construction in progress and prepayments	Total
December 31, 2020 – as restated	6 167	11 258	2 100	600	20 125	-	(270)	(386)	(656)	6 167	10 988	1 714	600	19 469
Change in scope	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of assets	479	1 374	1 174	69	**3 096**	-	-	-	-	479	1 374	1 174	69	**3 096**
Depreciation	-	-	-	-	-	(834)	(4 578)	(515)	**(5 927)**	(834)	(4 578)	(515)	-	**(5 927)**
Exchange rate differences	780	1 487	297	47	**2 611**	(37)	(232)	(46)	**(315)**	743	1 255	251	47	**2 296**
Disposals of assets	(53)	(294)	-	(38)	**(385)**	6	150	-	**156**	(47)	(144)	-	(38)	**(229)**
Other movements	-	1 113	(395)	(658)	**60**	-	(17)	570	**553**	-	1 096	175	(658)	**613**
December 31, 2021	7 373	14 938	3 176	20	25 507	(865)	(4 947)	(377)	(6 189)	6 508	9 991	2 799	20	19 318
Change in scope	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of assets	28	658	45	130	**861**	-	-	-	-	28	658	45	130	**861**
Depreciation	-	-	-	-	-	(533)	(3 189)	(480)	**(4 202)**	(533)	(3 189)	(480)	-	**(4 202)**
Exchange rate differences	(1 173)	(2 588)	(615)	(18)	**(4 394)**	168	1 117	124	**1 409**	(1 005)	(1 471)	(491)	(18)	**(2 985)**
Disposals of assets	-	(512)	-	-	**(512)**	-	193	-	**193**	-	(319)	-	-	**(319)**
Impaired losses caused by war (1)	(2 748)	(3 969)	(434)	-	**(7 151)**	620	2 083	115	**2 818**	(2 128)	(1 886)	(319)	-	**(4 333)**
Other movements	-	(32)	72	(19)	**21**	-	123	-	**123**	-	91	72	(19)	**144**
December 31, 2022	3 480	8 495	2 244	113	14 332	(610)	(4 620)	(618)	(5 848)	2 870	3 875	1 626	113	8 484

(1) Impaired losses caused by war (please refer to the details to the Notes 2.1 and 5)

Property plant and equipment comprise owned and leased assets.

(in thousands of Euros)	**December 31, 2022**
Property plant and equipment owned	6 858
Right-of-use assets	1 626
Total Property plant and equipment	**8 484**

The Group leases land and buildings, vehicles and machinery. The information about leases for which the Group is lessee is presented below.

Right-of-use assets

(in thousands of Euros)	Land	Buildings	Agricultural machinery	Total
Balance as of December 31, 2020 - as restated	**13 107**	**139**	**1 575**	**14 821**
Transfer to property plant and equipment owned	-	-	(366)	(366)
Additions	82	-	1 174	1 256
Disposals	(20)	-	-	(20)
Depreciation charge for the year	(3 150)	(184)	(331)	(3 665)
Exchange rate differences	1 562	34	217	1 813
Other changes	1 805	541	-	2 346
Balance as of December 31, 2021	**13 386**	**530**	**2 269**	**16 185**
Transfer to property plant and equipment owned	-	-	-	-
Additions	-	-	45	45
Disposals	-	-	-	-
Depreciation charge for the year	(2 403)	(184)	(296)	(2 883)
Exchange rate differences	(2 189)	(94)	(397)	(2 680)
Impaired losses caused by war (1)	(5 664)	(9)	(310)	(5 983)
Other changes	3 595	72		3 667
Balance as of December 31, 2022	**6 725**	**315**	**1 311**	**8 351**

(1) Impaired losses caused by war (please refer to the details to the Notes 2.1 and 5)

Leases of buildings – mainly represents rent of offices.

Leases of machinery and equipment - represents rent of agricultural machinery.

Land leases – mainly rent of land for agricultural purposes.

12. Financial assets

(in thousands of Euros)	Current		Total
	Other financial assets (1)	Term deposit	Total
December 31, 2020	**-**	**342**	**342**
Purchases of financial assets	3 817	42	**3 859**
Disposals of financial assets	(1 275)	(368)	**(1 643)**
Other transactions	-	-	**-**
Exchange rate difference	105	28	**133**
December 31, 2021	**2 647**	**44**	**2 691**
Purchases of financial assets	-	86	**86**
Disposals of financial assets	(2 603)	(40)	**(2 643)**
Other transactions	-	-	**-**
Exchange rate difference	(44)	(15)	**(59)**
December 31, 2022	**-**	**75**	**75**

(1) As of December 31, 2021 the "Other financial assets" represent investments into Ukrainian domestic government bonds that were redeemed in April 2022.

Reconciliation of movements of financial assets to cash flows arising from financing activities:

(in thousands of Euros)	Financial assets		
	Non-current financial assets	Current financial assets	Total
Balance as of December 31, 2021	**-**	**2 691**	**2 691**
Purchase of financial assets	-	86	**86**
Disposal of financial assets	-	(2 643)	**(2 643)**
Foreign exchange adjustments	-	(59)	**(59)**
Balance as of December 31, 2022	**-**	**75**	**75**

13. Corporate income tax

13.1. Analysis of Income tax expense – Tax proof

Breakdown of income tax expense is presented below:

(in thousands of euros)	December 31, 2022	December 31, 2021
Current taxes	(410)	-
Deferred taxes	-	133
Total income taxes from continued operations - (expense)/gain	**(410)**	**133**

The analysis of the income tax expense reveals the following factors:

(in thousands of euros)	December 31, 2022	December 31, 2021
Accounting profit before tax	(31 185)	14 089
Accounting profit before tax	**(31 185)**	**14 089**
French corporate tax rate	25,00%	25,00%
Theoretical income tax (expense) / gain	**7 796**	**(3 522)**
Impact from:		
profit/(losses) of agricultural producers exempt from taxation in Ukraine (cf. Note 7.12)	(4 818)	4 780
unrecognised deferred tax assets and unused tax losses	(662)	(319)
permanent differences between accounting profit and taxable profit	(702)	(4 157)
used tax losses	386	1 529
difference between French and foreign tax rates	(2 410)	1 802
Gain / (loss) out of effective taxation	**(410)**	**113**
Income tax (expense) / gain reported in the consolidated income statement	(410)	113

For more details refer to note 7.12.

14. Inventories

	December 31, 2022				December 31, 2021		
(in thousands of Euros)	*Gross Value*	*Depreciation*	*Impairment*	***Net value***	*Gross Value*	*Depreciation*	***Net value***
Raw materials and other supplies	1 471	(83)	-	**1 388**	1 026	(138)	**888**
Works in progress	3 611	-	-	**3 611**	6 008	-	**6 008**
Agricultural produce	6 756	-	(341)	**6 415**	19 575	-	**19 575**
Total	**11 838**	**(83)**	**(341)**	**11 414**	**26 609**	**(138)**	**26 471**

Raw materials and other supplies are inputs to be used in the agricultural campaign 2022/2023, including purchased seeds, fertilizers, fuel, spare parts and other suppliers. ***Work in progress*** includes costs accumulated before crop sowing.

As of December 31, 2022, ***agricultural produce*** representing €6 415 k, is substantially made up of 37 463 tons of crops mainly from the 2022 harvest (53 710 tons as of December 31, 2021) (cf. Note 15 Biological assets).

Depreciation represents write-down provisions of inventory to the net realizable value at the reporting date.

15. Biological assets

(in thousands of Euros)	December 31, 2022			December 31, 2021		
	Biological assets at cost	*Adjustment to fair value*	***Fair value***	*Biological assets at cost*	*Adjustment to fair value*	***Fair value***
Current						
Crops in fields	725	1 054	1 779	5 137	7 189	12 326
Livestock	9	-	9	14	-	14
Total current biological assets	**734**	**1 054**	**1 788**	**5 151**	**7 189**	**12 340**

The Group's biological assets are cereals that are planted as of December 31, 2022 for harvest in the second half of 2023 in Ukraine.

The biological assets of the Group are measured at fair value less estimated costs to sell and are within level 3 of the fair value hierarchy (for more details refer to Note 7.7). At the balance sheet date, the fair value of the current crops in fields is determined on the basis of the planted area and the following significant unobservable inputs as of December 31, 2022:

- Crops price
- Crops yields (tonnes per hectare)
- Expected production costs

	December 31, 2022				December 31, 2021			
	Cultivated area (in hectares)	*Average yields (ton / ha)*	*Average price (EURO/ton)*	*Fair value (in kEURO)*	*Cultivated area (in hectares)*	*Average yields (ton / ha)*	*Average price (EURO/ton)*	*Fair value (in kEURO)*
Winter Wheat	5 933	4,1	157	1 779	26 924	4,1	195	12 326
TOTAL	**5 933**			**1 779**	**26 924**			**12 326**

If the management team's assumptions as of December 31, 2022, would have been different by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 335 k.

The following table represents movements in biological assets for the years ended December 31, 2021 and December 31, 2022:

(in thousands of Euros)	Crops	Livestock	TOTAL
Book value as of December 31, 2020 *as restated*	**8 427**	**16**	**8 443**
Current Biological Assets	8 427	16	8 443
Non-current Biological Assets	-	-	-
Reclassification of work in progress to biological assets	3 500	-	3 500
Costs incurred over the period	22 708	18	22 726
Biological assets decrease due to harvest	(43 049)	(23)	(43 072)
Gain/loss due to change in fair value	20 006	-	**20 006**
Exchange rate differences	734	3	737
Book value as of December 31, 2021	**12 326**	**14**	**12 340**
Current Biological Assets	12 326	14	12 340
Non-current Biological Assets	-	-	-
Reclassification of work in progress to biological assets	5 719	-	5 719
Costs incurred over the period	15 166	4	15 170
Biological assets decrease due to harvest	(12 143)	-	(12 143)
Gain/loss due to change in fair value	(10 310)	-	**(10 310)**
Impaired losses caused by war (1)	(7 823)	-	(7 823)
Exchange rate differences	(1 156)	(9)	(1 165)
Book value as of December 31, 2022	**1 779**	**9**	**1 788**
Current Biological Assets	1 779	9	1 788
Non-current Biological Assets	-	-	-

(1) Losses of costs incurred to bio-assets and fields work-in-progress in respect of land in the area significantly suffered from hostilities of Russian invasion of Ukraine in 2022 that were derecognised within the following operational restructuring procedure (please refer to the details to the Notes 2.1 and 5)

16. Trade and other receivables

(in thousands of Euros)	December 31, 2022	December 31, 2021
Trade receivables	842	346
Prepayments to suppliers (1)	132	1 670
Other receivables	185	13
Social and tax receivables (excl. VAT receivables)	1 019	807
VAT receivables (2)	584	446
Prepaid expenses	6	12
Trade and other receivables	**2 768**	**3 294**

	December 31, 2022	December 31, 2021
Currency:		
Denominated in EUR	59	38
Denominated in USD	70	-
Denominated in UAH	2 639	3 256
Trade and other receivables	**2 768**	**3 294**

The maximum exposure to credit risk as at the balance sheet date amounts to the fair value of each class of receivables mentioned above. The Group has no collateral for hedging.

(1) The advances paid as of December 31, 2022 correspond to prepayments to suppliers of inputs for the 2022 harvest.

(2) The VAT receivable as of December 31, 2022 mostly includes:

€545k represents input VAT of Ukrainian entities.

€38k related to the input VAT of AgroGeneration SA.

17. Cash and cash equivalents

(in thousands of euros)	December 31, 2022	December 31, 2021
Cash at bank and in hand	5 073	4 408
Investment securities	-	-
Cash and cash equivalents	**5 073**	**4 408**

The Cash and cash equivalents are denominated in the following currencies as of December 31, 2022:

	December 31, 2022	December 31, 2021
(in thousands of euros)	**Cash and cash equivalents**	**Cash and cash equivalents**
Currency :		
Denominated in EUR	71	80
Denominated in USD	4 955	3 187
Denominated in UAH	47	1 141
Total	**5 073**	**4 408**

18.-Borrowings and Lease Liabilities for right-of-use assets

(in thousands of euros)		December 31, 2022 Non-current	December 31, 2022 Current			December 31, 2022 TOTAL	December 31, 2021 Non-current	December 31, 2021 Current			December 31, 2021 TOTAL
		Borrow-ings	*Borrow-ings*	*Interest*	***Total***		**Borrow-ings**	*Borrow-ings*	*Interest*	***Total***	
Financial lease	(1)	**442**	411	-	**411**	**853**	**984**	458	-	**458**	**1 442**
Lease Liabilities for right-of-use assets	(1)	**6 877**	3 509	333	**3 842**	**10 719**	**13 770**	3 098	-	**3 098**	**16 868**
Bank borrowings	(2)	-	-	-	-	-	-	-	-	-	-
Other financial debt	(3)	-	6 493	-	**6 493**	**6 493**	-	6 215	74	**6 289**	**6 289**
Total borrowings		**7 319**	10 413	333	**10 746**	**18 065**	**14 754**	9 771	74	**9 845**	**24 599**

(1) Current and non-current lease payments are presented at the present value of the future minimum lease payments.

(2) The Group hasn't attracted bank borrowings since the end of 2021.

(3) Other financial debt relates to the borrowings from related party Konkur (€6.4m).

Lease liabilities for Right-of-Use assets maturity analysis:

(in thousands of Euros)	**December 31, 2022**
Maturity analysis - contractual undiscounted cash flows	
Less than one year	2 873
One to five years	7 060
More than five years	6 108
Total undiscounted lease liabilities as of December 31, 2022	**16 041**

The maturity of the current and non-current borrowings is as follows:

(in thousands of euros)	**2023**	**2024**	**2025**	**2026 and after**	**Total**
Financial lease	411	243	154	45	853
Bank borrowings	-	-	-	-	-
Other financial debt	6 493	-	-	-	6 493
Total borrowings	**6 904**	**243**	**154**	**45**	**7 346**

Details of the variable-rate and fixed-rate borrowings and lease liabilities for right-of-use assets (excluding interest):

(in thousands of euros)	December 31, 2022 Variable	December 31, 2022 Fixed	December 31, 2021 Variable	December 31, 2021 Fixed
Bank borrowings	-	-	-	-
Financial lease	853	-	1 442	-
Lease liabilities for right-of-use assets	-	10 386	-	16 868
Other financial debt	-	6 493	-	6 215
Total borrowings	**853**	**16 879**	**1 442**	**23 083**

The carrying amounts of the Group's borrowings and lease liabilities for right-of-use assets are denominated in the following currencies:

(in thousands of euros)	December 31, 2022	December 31, 2021
Currency:		
EUR	-	6 289
USD	7 346	1 442
UAH	10 719	16 868
Total borrowings	**18 065**	**24 599**

Reconciliation of movements of borrowings and lease liabilities for right-of-use assets to cash flows arising from financing activities:

(in thousands of Euros)	Finance leases	IFRS 16 debts	Bank Borrowings and other financial debts	Total
Balance as of December 31, 2021	**1 442**	**16 868**	**6 289**	**24 599**
Proceeds from borrowings	-	-	-	**-**
Repayment of borrowings	(369)	-	-	**(369)**
Payment of lease liabilities (IFRS16)	-	(2 443)	-	**(2 443)**
Interest accrued	129	2 395	370	**2 894**
Interest repaid	(116)	-	-	**(116)**
Foreign exchange adjustments	(239)	(3 083)	(166)	**(3 488)**
Other non-cash movements	6	3 865	-	**3 871**
Disposal due to restructuring as the result of war (1)		(6 883)	-	**(6 883)**
Balance as of December 31, 2022	**853**	**10 719**	**6 493**	**18 065**

(1) Right-of-use assets in respect of land in the area significantly suffered from hostilities of Russian invasion of Ukraine in 2022 that were derecognised within the following operational restructuring procedure (please refer to the details to the Notes 2.1, 5 and 10)

The average interest rates of the Group by currency are:

Currency	December 31, 2022	December 31, 2021
EUR	-	12,00%
USD	10,52%	10,75%
UAH	18,79%	19,71%

19. Share Capital

	Share capital in euros	Number of shares	Share premium in euros
December 31, 2020	**11 079 319**	**221 586 387**	**225 041 745**
Additional shares issued (ORNANE full redemption)	-	-	-
December 31, 2021	**11 079 319**	**221 586 387**	**225 041 745**
Additional shares issued (ORNANE full redemption)	-	-	-
December 31, 2022	**11 079 319**	**221 586 387**	**225 041 745**

As of December 31, 2022, the financial instruments in circulation and the respective numbers of shares that could be issued by exercise of these instruments are presented below:

	Number of instruments	Potential additional shares
Konkur warrants	1 379 487	2 519 544

20. Provisions

(in thousands of euros)	Provisions for litigation	Provisions for liabilities and expenses	Total
December 31, 2020	**609**	**36**	**645**
Additionnal	-	26	**26**
Reversal (used)	(609)	(36)	**(645)**
Reversal (unused)	-	-	-
Exchange rate differences	-	-	-
December 31, 2021	**-**	**26**	**26**
Additionnal	-	-	-
Reversal (used)	-	(26)	**(26)**
Reversal (unused)	-	-	-
Exchange rate differences	-	-	-
December 31, 2022	**-**	**-**	**-**

21. Trade and other payables

(in thousands of Euros)	December 31, 2022	December 31, 2021
Trade payables	1 212	961
Advance payments received	288	705
Social & tax payables	733	1 532
VAT payables	57	311
Deferred income	-	-
Other payables	362	128
Payables on the purchase of fixed assets	-	4
Payables under companies disposal terms (1)	229	872
Funding received from the trade partner (2)	-	2 750
Payables related to restructuring under the agreement with liquidator (3)	1 040	-
Trade and other payables	**3 921**	**7 263**

(1) Payable under the terms of agreement of disposal of Cypriot Companies and Agro Dom Plus (c.f. Note 2.1 of the consolidated financial statements for the year 2020)

(2) Funding received from the Ukrainian trade partner in the 4th quarter 2021 conditioned on the repayment in cash or by crop sale by the 4th quarter 2022.

(3) Group liabilities of 1.1 m USD to be paid to the liquidator company for the execution procedure liquidation of the companies with the allocated toxic assets caused by the war (please refer to the details to the Note 5).

The Trade and other payables are denominated in the following currencies :

(in thousands of Euros)	December 31, 2022	December 31, 2021
Currency:		
Denominated in EUR	545	570
Denominated in USD	-	-
Denominated in UAH	3 376	6 693
Trade and other payables	**3 921**	**7 263**

22. Financial assets and liabilities

Financial assets and liabilities are classified as follows in accordance with IFRS 7:

Financial assets and liabilities by category and fair value as of December 31, 2022

(in thousands of Euros)	*Note*	Measured at amortised cost	Measured at fair value		Total carrying amount December 31, 2022	Valued at cost	Financial instrument at fair value hierarchy under IFRS 7		
			through profit or loss	*through share-holders' equity*			*Level 1: quoted prices and cash*	*Level 2: valuation based on obser-vable market data*	*Level 3: valuation based on unobser-vable market data*
Assets									
Financial assets (non-current)	12								
Shares in non-consolidated subsidiaries									
Other financial assets									
Financial assets (current)	12								
Term deposits			75		75		75		
Other financial assets			-		-		-		
Trade and other receivables	16	1 027			1 027	1 027			
Cash and cash equivalents	17		5 073		5 073		5 073		
Liabilities									
OSRANE	18								
ORNANE	18								
Non-current and current bank borrowings	18	-			-	-			
Non-current and current financial lease	18	(853)			(853)	(853)			
Lease liabilities for right-of-use assets	18	(10 719)			(10 719)	(10 719)			
Other financial debt	18	(6 493)			(6 493)	(6 493)			
Trade and other payables	21	(2 843)			(2 843)	(2 843)			

Financial assets and liabilities by category and fair value as of December 31, 2021

(in thousands of Euros)	*Note*	Measured at amortised cost	Measured at fair value		Total carrying amount December 31, 2021	Valued at cost	Financial instrument at fair value hierarchy under IFRS 7		
			through profit or loss	*through share-holders' equity*			*Level 1: quoted prices and cash*	*Level 2: valuation based on obser-vable market data*	*Level 3: valuation based on unobser-vable market data*
Assets									
Financial assets (non-current)	12								
Shares in non-consolidated subsidiaries									
Other financial assets									
Financial assets (current)	12								
Term deposits			44		44		44		
Other financial assets			2 647		2 647		2 647		
Trade and other receivables	16	359			359	359			
Cash and cash equivalents	17		4 408		4 408		4 408		
Liabilities									
OSRANE	18								
ORNANE	18								
Non-current and current bank borrowings	18	-			-	-			
Non-current and current financial lease	18	(1 442)			(1 442)	(1 442)			
Lease liabilities for right-of-use assets	18	(16 868)			(16 868)	(16 868)			
Other financial debt	18	(6 289)			(6 289)	(6 289)			
Trade and other payables	21	(4 715)			(4 715)	(4 715)			

23. Revenues from operating activities

(in thousands of euros)	2022	2021
Sales of agricultural produce (1)	25 332	43 446
Services and others (2)	532	450
Total revenue from operating activities	**25 864**	**43 896**

(1) In 2022, AgroGeneration sold 83 035 tons of cereals and oilseeds

(2) The services are mainly composed of activities of drying, storage or loading grain for third parties.

Detail of revenue by geographical region:

(in thousands of euros)	2022	2021
Ukraine	25 864	43 896
France	-	-
Total revenue	**25 864**	**43 896**

Detail of revenue by harvest:

(in thousands of Euros)	2022	2021
Crops revenue	**23 332**	**43 439**
Harvest 2020	-	13 863
Harvest 2021	17 461	29 576
Harvest 2022	7 871	-
Livestock	**-**	**7**
Services & Other	**532**	**450**
Total Revenue	**25 864**	**43 896**

There are three significant clients to which the Group sold the goods for €13,7 m in 2022 (three significant clients in 2021 with sales of €25m) which represent 57% (57% in 2021) of the total revenue. The revenue from other clients is individually less than 10%.

24. Functional costs / costs by nature

(in thousands of euros)	2022	2021
Cost of sales	(21 162)	(31 541)
Administrative & Selling expenses	(6 195)	(4 518)
Costs by function	**(27 357)**	**(36 059)**
Raw materials, purchases services and leasing	(13 033)	(13 022)
Personnel costs	(4 240)	(5 239)
Depreciation	(5 839)	(7 123)
Fair value and impairment adjustment (for goods sold)	(4 193)	(10 526)
Other expenses	(52)	(149)
Costs by nature	**(27 357)**	**(36 059)**

On average, in 2022 the Group had 615 employees.

25. Other income and expense

(in thousands of euros)	2022	2021
Proceeds from fixed assets sold	44	83
Other income	258	277
Other operating Income	**302**	**360**
Depreciation of goodwill	-	(11 208)
Net book value of fixed assets sold	(30)	(192)
Allowance for bad debts	(394)	-
Other expenses	(139)	(60)
Other operating expenses	**(563)**	**(11 460)**
Other operating income and expenses	**(261)**	**(11 100)**

26. Net financial income / (expenses)

(in thousands of euros)		2022	2021
Cost of debt	(1)	(505)	(1 154)
Foreign exchange gains and losses		(1 054)	2 342
realised foreign exchange gains/(losses)	(2)	1 174	982
unrealised foreign exchange gains/(losses)	(3)	(2 228)	1 360
Other		(2 114)	(3 842)
Net financial expense		**(3 673)**	**(2 654)**

Interest expense
Cost of debt is mostly composed of the interest to related party Konkur.

Foreign exchange gains and losses
The Group's foreign currency denominated monetary assets and liabilities as of December 31, 2022 consist of USD and EURO denominated debts and cash equivalents. Other monetary assets and liabilities are not significant.
Due to the impact of the Russian invasion of Ukraine on the volatility of Ukrainian hryvnia (cf. Note 3.3), the exchange rate Ukrainian hryvnia/USD fluctuated during the year and as of reporting date changed from 27,28 UAH/USD on December 31, 2021 to 36,57 UAH/USD on December 31, 2022.

(2) Realised foreign exchange gains and losses (net amount € 1 174k gain) generated by the Group in 2022 due to the change in foreign exchange rate between the dates when the asset/liability was recognised and when it was settled. The main realised exchange gain occurred on the proceeds from the settlement of the USD-denominated government bonds due to significant devaluation of Ukrainian hryvnia in July 2022.

(3) Unrealised foreign exchange gains and losses generated by the Group in 2022 due to the translation of all monetary items of Ukrainian entities and holding companies (mostly intercompany loans) from foreign currency (mostly USD) into functional currency (UAH and EUR respectively). Unrealised foreign exchange gain generated included:

- €130 gain mostly related to the other debt and other operations;
- €2 358 loss related to the inter-company loans and other inter-company debt between Ukrainian, Cyprus and French entities.

Other financial income/(expenses) in 2022 includes € 2 395k of the interest expenses related to the implementation of the IFRS 16 standard (€3 100 k in 2021)

27. Earnings per share

The basic earnings per share are calculated by dividing:

- The net earnings (group share)
- By the weighted average number of ordinary shares in circulation during the financial year.

The diluted earnings per share are calculated by dividing:

- The net earnings (group share) taking into account the instruments that cause dilution,
- By the weighted average number of ordinary shares in circulation during the financial year plus the weighted average number of ordinary shares that would have been issued following the conversion of all the potential ordinary shares that cause dilution into ordinary shares.

(in thousands of euros)	**2022**	**2021**
Net consolidated income / (loss) - group from continued activity (K€)	(31 595)	14 202
Net consolidated income / (loss) - group from discontinued activity (K€)	-	-
Net consolidated income / (loss) - group share (K€)	**(31 595)**	**14 202**
Dilution impact (K€)	-	-
Net consolidated income / (loss) after dilution impact	**(31 595)**	**14 202**
Weighted average number of ordinary shares	221 586 387	225 593 381
Potential dilution	-	-
Weighted average number of shares after dilution impact	221 586 387	225 593 381
Net income / (loss) per share (Euros) - group share	**(0.14)**	**0,06**
Net income / (loss) per share (Euros) after dilution - group share	**(0.14)**	**0,06**
Net income/(loss) per share (Euro)	**(0.14)**	**0,06**
Net income/(loss) per share (Euro) after dilution	**(0.14)**	**0,06**

In 2022, the potential ordinary shares that would have been issued after the conversion of the stock-options, warrants or BSPCE are not included in the measurement, since they have an anti-dilutive effect.

28. Share-based compensation

28.1. Allocation of stock-options

(a) Plan to issue 850,000 options (December 9, 2011)

On December 9, 2011, pursuant to the delegation given by the Special General Meeting held on June 7, 2011, and after the consent of the Supervisory Board given on July 12, 2011, the Executive Board of Ex-AgroGeneration Group decided to issue 850 000 stock options, each one providing entitlement to one share pursuant to the following strike procedures:

- Strike price of € 1,95,
- Conditions of presence:

If the beneficiary has more than three years of seniority as of December 9, 2011, he / she must provide evidence of his / her status as an employee or officer of the Group as of July 1, 2014, and if he / she separates from the company prior to that date, he / she will lose, unless authorized otherwise by the Executive Board:

- 1/6 of his / her options if he / she separates from the company after January 1, 2014 and before July 1, 2014,
- 2/6 of his / her options if he / she separates from the company after July 1, 2013 and before January 1, 2014,
- 3/6 of his / her options if he / she separates from the company after January 1, 2013 and before July 1, 2013,
- 4/6 of his / her options if he / she separates from the company after July 1, 2012 and before January 1, 2013,
- 5/6 of his / her options if he / she separates from the company after January 1, 2012 and before July 1, 2012,
- all of his / her options if he / she separates from the company before January 1, 2012.

If the beneficiary has between one and three years of seniority as of December 9, 2011, he / she must provide evidence of his / her status as an employee or officer of the Group as of July 1, 2015, and if he / she separates from the company prior to that date, he / she will lose, unless authorized otherwise by the Executive Board:

- 1/8 of his / her options if he / she separates from the company after January 1, 2015 and before July 1, 2015,
- 2/8 of his / her options if he / she separates from the company after July 1, 2014 and before January 1, 2015,
- 3/8 of his / her options if he / she separates from the company after January 1, 2014 and before July 1, 2014,
- 4/8 of his / her options if he / she separates from the company after July 1, 2013 and before January 1, 2014,
- 5/8 of his / her options if he / she separates from the company after January 1, 2013 and before July 1, 2013,
- 6/8 of his / her options if he / she separates from the company after July 1, 2012 and before January 1, 2013,
- 7/8 of his / her options if he / she separates from the company after January 1, 2012 and before July 1, 2012,
- all of his / her options if he / she separates from the company before January 1, 2012.

If the beneficiary has less than one year of seniority on December 9, 2011, he / she must provide evidence of his / her status as an employee or officer of the Group as of July 1, 2015, and if he / she separates from the company prior to that date, he / she will lose, unless authorized otherwise by the Executive Board:

- Half of his / her options if he / she separates from the company after July 1, 2013 and before July 1, 2015,
- All of his / her options if he / she separates from the company before July 1, 2013.
- Strike period of ten years including a 4-year latency period.

As of December 31, 2021, 462 500 options issued under this plan has been expired .

e) Summary of the stock-options subscription plan

	2022	2021
Number of stock options at the beginning of the period	-	462 500
Number of stock options expired during the period	-	(462 500)
Number of stock options at the end of the period	**-**	**-**

28.2. ORNANE stock warrants (BSA)

(a) BSA warrants

The BSA which were attached to each ORNANE and issued upon exercise of the Issuance Warrants, had the following characteristics:

- each BSA grants its holder the right, during the exercise period to subscribe to one new AgroGeneration's share
- the BSA's exercise price shell be equal to 130% of the lowest daily volume-weighted average price for the AgroGeneration share over the 10 trading days immediately preceding the tranche issuance date.
- they may be exercised for a period of 3 years as from their issuance;
- the global nominal amount of BSA is capped at 50% of the nominal amount of related tranche of ORNANE for the first three tranches, and 25% of the nominal value of ORNANE for all subsequent tranches.

		Initial Tranches			Additional Tranche	Total
		T1	T2	T3	TA1	
Number of BSA	#	1 063 829	1 063 829	1 162 790	833 333	4 123 781
Fair value of BSAs at the issuance date	€'000	82	71	68	46	267
Maturity date		03/07/2021	31/07/2021	28/08/2021	30/10/2021	
Exercise price	€	0,47	0,47	0,43	0,30	
Volatility	%	40,3%	39,4%	37,0%	38,1%	

The ORNANE BSAs were evaluated using Black & Scholes valuation model with the following assumptions:

- Dividend yield = 0%,
- Risk-free rate =0%
- Volatility - has been determined based on historical volatility of AgroGeneration over the period of 3 years.

According to IFRS 9 and IAS 32, the BSA meet the definition of stand-alone derivatives on own shares settled by the settled by the delivery of a number of shares for cash on the basis of an exercise price. At issuance, the fair value of BSA is recognized in other comprehensive income (OCI) and in the profit and loss account of the corresponding period. Being an equity instrument, BSAs are not re-valued at subsequent period end closings.
4 123 781 of BSAs expired during 2021.

(b) Summary of the BSA subscription plan

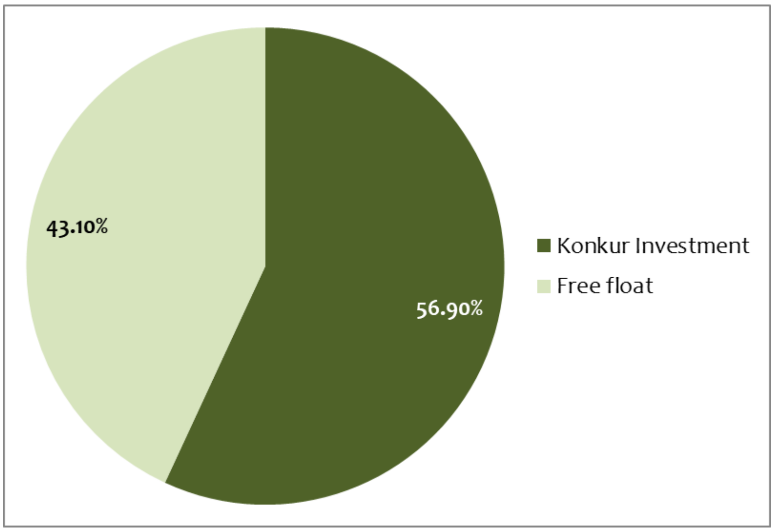
	2022	2021
Number of stock options at the beginning of the period	-	4 123 781
Number of stock options expired during the period	-	(4 123 781)
Number of stock options at the end of the period	**-**	**-**

29. Related parties

29.1. Ownership and governance

(a) Ownership

As of December 31, 2022, the shareholding is divided as follows:



Konkur: investment holding company controlled by SigmaBleyzer fund, the ultimate parent for the Group.

Neither the ultimate parent nor the next senior parents produce consolidated financial statements available for public use

(b) Governance

On October 11th, 2013, the company changed its corporate governance from Executive Board and Supervisory Board to Board of Directors. The company also has an Audit Committee and a Remuneration Committee which meet regularly and which are composed of some members of the Board of Directors, as explained below.

Following the debt restructuring, and in view of the new shareholders' structure after the issuance of OSRANE, the Group has changed its governance in April 2015: 4 out of 5 directors representing the historical shareholders left the Board. In July 2019, Pierre Danon, the Deputy Chairman left the Group. As of December 31, 2022 the Board of Directors is composed of 7 members, presided by Michael Bleyzer, the Chairman.

Board of Directors
- Chairman: Michael Bleyzer

Other members:
- Lev Bleyzer (SigmaBleyzer) * / **
- Valeriy Ivanovich Dema (SigmaBleyzer)
- Neal Warren Sigda (SigmaBleyzer) * / **
- John Shmorhun
- Guillaume James
- Xavier Regnaut

** member of the Remuneration Committee*
***member of the Audit Committee*

Compensation of the members of the Board of Directors

The attendance fees to the members of the Board of Directors have been suspended since the second half 2020 until fulfilment of the performance criteria. No attendance fees have been allocated to the members of the Board of Directors for the year 2022. The remuneration of CEO AgroGeneration, is mentioned in Note 29.2 *Transactions with related parties*.

29.2. Transactions with related parties

Material transactions entered into over the period and remaining balances as at December 31, 2022 with parties that have significant influence over the Group are as follows:

	December 31, 2022		2022		December 31, 2021		2021	
kEURO	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
SigmaBleyzer group : *various entities under common control*								
Management Fees	-	-	-	-	-	-	-	-
Consulting services	-	-	-		-	-	-	
Loans	-	(6 493)	-	-	-	(6 215)	-	-
Rent of premises*	-	(296)	-	(56)	-	(540)	-	(36)
Interest on loans	-	-	-	(370)	-	(74)	-	(746)
Others	-	-		-	-	-	-	-
Key management								
Sergiy Bulavin	-	-	-	(67)	-	-	-	(70)
TOTAL	-	(6 789)	-	(493)	-	(6 829)	-	(852)

* The information on the rent of premises (both liabilities and expenses) is presented after application of IFRS 16.

30. Audit fees

(in thousands of euros)	December 31, 2022	December 31, 2021
Certification		
BDO network	93	94
Fidag	41	42
Total fees	**134**	**136**

31. List of consolidated companies

All companies are fully consolidated.

#	Name	Conso name	Registered office	Activity	December 31, 2022 % of interest	December 31, 2021 % of interest
1	AgroGeneration	AgroGeneration	Paris - France	Group Holding	Consolidating entity	Consolidating entity
2	Marrimore Holdings Ltd	Marrimore	Nicosia - Cyprus	Holding company	100%	100%
3	Harmelia Investments Limited	Harmelia	Nicosia - Cyprus	Holding company	100%	100%
4	AgroGeneration Ukraine LLC	AGG UA	Kyiv - Ukraine	Service operating company	100%	100%
5	APK Donets LLC *	DON	Kharkiv - Ukraine	Agricultural producer	-	100%
6	Burlutske PC *	BUR	Kharkiv - Ukraine	Agricultural producer	-	100%
7	AF Barvinkivska LLC	BAR	Kharkiv - Ukraine	Agricultural producer	100%	100%
8	AF Podolivska LLC	POD	Kharkiv - Ukraine	Agricultural producer	100%	100%
9	AF Ukraina Nova LLC	UNA	Kharkiv - Ukraine	Agricultural producer	100%	100%
10	Lan LLC	LAN	Kharkiv - Ukraine	Agricultural producer	100%	100%
11	Register LLC	Registr	Kharkiv - Ukraine	Service operating company	100%	100%
12	Tornado Agro-holding PC	Tornado	Kharkiv - Ukraine	Service operating company	100%	100%

(1) * APK Donets LLC and APK Burlutske PC were disposed from the Group legal structure in 2022 in the course of operational restructuring and partial assets liquidation caused by war (please refer to the details to the Note 5)