Interim Condensed Consolidated Financial Statements

as of June 30, 2021 (unaudited)

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Consolidated statement of financial position

(in thousands of Euros)

Assets	***Note***	**June 30, 2021**	**December 31, 2020**
Non-current assets		**41 765**	**39 247**
Intangible assets	9	11 202	11 009
Right-of-use Assets (Land)	10	10 109	8 769
Property, plant and equipment	11	20 454	19 469
Financial assets	12	-	-
Biological assets	14	-	-
Deferred tax assets		-	-
Current Assets		**31 095**	**27 360**
Inventories	13	1 245	12 536
Financial assets	12	63	342
Biological assets	14	24 299	8 443
Trade and other receivables	15	1 798	1 757
Cash and cash equivalents	16	3 690	4 282
Total assets		**72 860**	**66 607**
Equity and Liabilities	***Note***	**June 30, 2021**	**December 31, 2020**
Equity		**39 887**	**34 711**
Share capital	18	11 079	11 079
Share premium	18	225 042	225 042
Other reserves		(118 608)	(118 608)
Retained earnings		(80 217)	(83 341)
Revaluation reserves		33 223	33 699
Currency translation differences		(34 288)	(35 808)
Net Income		3 656	2 648
Non-controlling interests		-	-
Non-current liabilities		**11 741**	**9 586**
Provisions	19	-	-
Non-current borrowings	17	1 059	481
Non-current lease liabilities for right-of-use assets	17	10 569	9 000
Deferred tax liabilities		113	105
Current liabilities		**21 232**	**22 310**
Provisions	19	609	645
Current borrowings	17	11 689	15 111
Current lease liabilities for right-of-use assets	17	2 738	1 527
Trade and other payables	**20**	6 196	5 027
Current income tax liability		-	-
Total equity and liabilities		**72 860**	**66 607**

Consolidated income statement

(in thousands of Euros)	*Note*	first-half 2021	first-half 2020 as restated (Note 5)
Revenue	22	**13 880**	**9 474**
Change in fair value of biological assets and finished goods	14	(181)	1 036
Cost of sales	23	(7 730)	(8 632)
Gross profit / (loss)		**5 969**	**1 878**
Selling, general and administrative expenses	23	(1 414)	(2 220)
Other income and expenses	24	(33)	2
Profit before interest and tax		**4 522**	**(340)**
Financial net expenses	25	(866)	(5 222)
Income tax expense		-	101
Profit / (loss) from continued operations		**3 656**	**(5 461)**
Profit after tax from discontinued operations (attributable to the Group)		-	-
Profit / (loss) for the period		**3 656**	**(5 461)**
Non-controlling interests		-	-
Profit /(loss) from continued and discontinued operations attributable to the Group		**3 656**	**(5 461)**
Profit / (Loss) attributable to equity holders of the company (€'000)		3 656	(5 461)
Weighted average number of ordinary shares		227 233 309	227 233 309
Basic earnings / (loss) per share (in Euros per share)	26	**0,02**	**(0,02)**
Profit / (loss) attributable to equity holders of the company after dilution (€'000)		3 656	(5 461)
Weighted average number of ordinary and potential shares		227 233 309	227 233 309
Diluted earnings / (loss) per share (in Euros per share)	26	**0,02**	**(0,02)**

Consolidated statement of comprehensive income

(in thousands of Euros)	first-half 2021	first-half 2020
Profit / (loss) for the period	**3 656**	**(5 461)**
Items that will not be reclassified to profit and loss, net of tax	-	-
Gains on Property, plant and equipment revaluation	-	-
Other	-	-
Items that are or may be reclassified to profit and loss, net of tax	**1 520**	**(2 646)**
Currency translation differences arising during the period	1 520	(2 646)
Currency translation loss reclassified to profit or loss during the period	-	-
Total comprehensive income of the period	**5 176**	**(8 107)**

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, 2019	**11 079**	**225 042**	**(118 608)**	**(84 325)**	**26 316**	**(31 605)**	**27 898**	**-**	**27 898**
Issue of new shares	-	-	-	-	-	-	-	-	-
Redemption of OSRANE	-	-	-	-	-	-	-	-	-
ORNANE revaluation and redemption	-	-	-	-	-	-	-	-	-
Change in scope	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expenses)**	-	-	-	-	8 367	(4 203)	4 164	-	4 164
Transfer from other comprehensive income to retained earnings***	-	-	-	984	(984)	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Net Income / (loss) for the year	-	-	-	2 648	-	-	2 648	-	2 648
Balance as of December 31, 2020	**11 079**	**225 042**	**(118 608)**	**(80 693)**	**33 699**	**(35 808)**	**34 711**	**-**	**34 711**
Issue of new shares	-	-	-	-	-	-	-	-	-
Redemption of OSRANE	-	-	-	-	-	-	-	-	-
ORNANE revaluation and redemption	-	-	-	-	-	-	-	-	-
Change in scope	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expenses)	-	-	-	-	-	1 520	1 520	-	1 520
Transfer from other comprehensive income to retained earnings***	-	-	-	476	(476)	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Net Income / (loss) for the year	-	-	-	3 656	-	-	3 656	-	3 656
Balance as of June 30, 2021	**11 079**	**225 042**	**(118 608)**	**(76 561)**	**33 223**	**(34 288)**	**39 887**	**-**	**39 887**

(*) Currency translation differences

Revaluation of Ukrainian hryvnia in the first half 2021 had significant impact on assets and liabilities of the Interim Condensed Consolidated Financial Statements.

The positive impact of currency translation differences for first half 2021 amounts to € **1 520 k** and is composed of:

€ 162 k loss due to translation difference on ***current year income*** arising from the difference between average (daily) and closing rate (33,49 UAH/ EURO and 32,30 UAH/EURO respectively).

€ 1 682 k gain due to translating the opening *net assets* at a closing rate (32,30 UAH/EURO) that differs from the previous closing rate (34,74 UAH/EURO): the gain is due to the fact that retained earnings of Ukrainian entities are positive.

(**) Revaluation reserves

Relates to the revaluation of the fixed assets, this revaluation recognised in other comprehensive income in 2020 amounts to € 8,4 m (cf. Note 11 Consolidated financial statements as of December 31, 2020).

(***) Revaluation surplus on fixed assets disposed in 2017 –first half 2021.

Consolidated cash flow statement

(in thousands of Euros)	Note	first-half 2021	first-half 2020 as restated (Note 5)
Profit / (loss) from continued operations		3 656	(5 461)
Profit / (loss) from discontinued operations		-	-
Profit / (loss) for the period		**3 656**	**(5 461)**
Depreciation on fixed assets		2 130	2 373
Provisions		-	1
Capital (gains) / losses from disposals		28	66
Net financial (income) / loss		866	5 222
Deferred and income taxes (income) / expense		-	(101)
Biological assets and finished goods fair value decrease / (increase)		1 761	(1 615)
Other (income) / expense with no cash impact		22	(3)
Cash flow from operating activities		**8 463**	**482**
Trade and other payables (decrease) / increase*		801	4 299
Inventories decrease / (increase)		5 121	7 111
Biological assets cost decrease / (increase)		(8 683)	(9 580)
Trade and other receivables decrease / (increase) **		(19)	(545)
Income tax paid		-	(68)
Working capital variation		**(2 780)**	**1 224**
Net operating cash flow		**5 683**	**1 706**
Cash flow from investing activities			
Purchase of property, plant and equipment		(2 145)	(493)
Purchase of intangible assets		(9)	(4)
Purchase of financial assets		-	-
Disposal of subsidiaries		-	84
Disposal of property, plant and equipment		48	40
Disposal of intangible assets		-	-
Disposal of financial assets		-	-
Net investing cash flow		**(2 106)**	**(373)**
Cash flow from financing activities			
Pledged term deposits decrease / (increase)	12	302	113
Proceeds from borrowings		1 179	5 454
Repayment of borrowings		(4 978)	(5 421)
Payment of lease liabilities for right-of-use assets		(809)	(710)
Gain / (losses) from realised foreign exchange		(11)	(973)
Paid interests		(234)	(614)
Net cash generated from financing activities		**(4 551)**	**(2 151)**
Effects of exchange rate changes on cash and cash equivalents		382	(44)
Net movement in cash and cash equivalents		**(592)**	**(869)**
Cash and cash equivalents at the beginning of the period	16	**4 282**	**1 978**
Cash and cash equivalents at the end of the period	16	**3 690**	**1 109**
Cash and cash equivalents at the end of period from continued operations		**3 690**	**1 109**

(*) In the consolidated balance sheet, the accounts receivable as of June 30, 2021 include prepayments made to suppliers of the Group in connection with inputs for the 2021 harvest. In the consolidated cash flow statement, the variation in prepayments to suppliers (positive cash flow / decrease in receivable), which stands at € 61 k, not inclusive of exchange rate effects, is presented as a change in accounts payable.

(**) In the consolidated balance sheet, the accounts payable as of June 30, 2021 include prepayments received from Group customers in respect of upcoming deliveries by the end of financial year 2021. In the consolidated cash flow statement, the change in customer prepayments (negative cash flow / decrease in debt), which amounts to € 104 k, not inclusive of exchange rate effects, is presented as a change in accounts receivable.

Notes to the Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements of the AgroGeneration Group ("AgroGeneration", "the Group" or "the Company") for the six months ended June 30, 2021 were authorized for issue by the Board of Directors on October 27, 2021. 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 Interim Condensed Consolidated Financial Statements for the six months ended June, 30 2021 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 28 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 with effect from October 1, 2020.

2. Major events of the period

2.1. Litigation with EHGO/ORNANE

During first-half 2019, EHGO requested before the Paris Commercial Court termination of ORNANE agreement and early repayment of the ORNANE bonds, for a total amount of € 1,9 m in cash. AgroGeneration is contesting the EHGO request.

After the reporting date, in September 2021, after several years of disputes before the French courts, AgroGeneration and the EHGO have come to a mutual agreement regarding the ORNANE.

The related risks are covered by a provision booked in the Group accounts as of June 30, 2021 (see Note 19). Following the solution taken after the reporting date (see Note 6.2) the Group will update its liabilities in the Financial Statements as of December 31, 2021.

For more details, please refer to the Note 6.2 Litigation with EHGO/ORNANE, Note 17 Borrowings and Note 19 Provision.

3. Financial risk management

3.1. Political 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 continues 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. However, the Covid-19 outbreak and associated lockdown measures resulted in a sharp economic downturn.

The economy started to return to growth in 2021 as activity recovered, with fiscal and monetary stimulus providing further support. The recovery has been driven by an increase in the pace of harvesting, crop yields being higher than previous year. The sustained consumer demand supported by high wage growth and better labor market conditions remained the strong contributor. Among other contributors were further recovery of investment activity, favorable external conditions created by the rebound of the global economy, large-scale stimulus, and growing optimism.

After GDP contracting by 4,0% in 2020, the Ukrainian economy is expected to return to GDP growth of about 3,8% in 2021 and up to 4% in 2022 and 2023 according to NBU’s (National Bank of Ukraine) forecasts. Consumer price inflation declined to 2,7% in 2020 (from 7,9% in 2019) due to the easing of energy and food prices, and is expected to increase again to 9,6% in 2021 driven by global prices surging (especially food prices and crude oil) and global demand recovering. By tightening its monetary policy, NBU plans to keep inflation expectations under control and gradually reduce underlying inflationary pressures. As a result, inflation rate is expected to decline to its 5% target in 2022 and remain there going forward. During 2020, the Ukrainian hryvnia lost 16% vs the USD with UAH/USD rate rising from 23,7 as of the end of 2019 to 28,3 as of the end of 2020. By the end of September 2021, Ukrainian hryvnia appreciated by 6% and UAH/USD rate stood at 26,6.

Ukraine's unemployment rate was falling in 2018-2019, but due to the negative economic impact of the COVID-19 pandemic, it has increased to 10,1% in Q4 2020 and to 10,4% inQ1 2021. In Q2 2021, the situation improved and unemployment rate decreased to 9,3%. According to forecasts from NBU, the situation on the labor market of Ukraine is expected to improve in the future, primarily due to the economic recovery. Unemployment rate is expected to decline to 9,1% on average in 2021, and in 2022 to approach the natural level of 8,5%.

The conflict in eastern Ukraine and more generally strained relations with Russia continue to hurt the economy, which remains fragile and dependent on international financial assistance. In June 2020, the IMF Board of Directors has approved an 18-month Stand-by Arrangement (SBA) for Ukraine with the total access of $ 5 b for a period of 5 years. The first tranche of US $ 2,1 b was received in June 2020. The next tranche of assistance worth $ 750 m from the IMF Ukraine is expected to receive in December 2021. In addition, in August 2021, Ukraine received $ 2,7 b tranche from IMF as part of the IMF's assistance to member countries in economic recovery from the coronavirus crisis. Overall, in August 2021, IMF approved the allocation of $ 650 b to countries to help rebuild the global economy affected by the pandemic coronavirus. Ukraine continues cooperation with the IMF and takes measures for the implementation of reforms and fulfilment of obligations undertaken within the framework of the Stand-by Program with the IMF.

The IMF program opened up opportunities for financial support from a number of international partners, in particular: from the World Bank and the European Union. In April 2020, the European Commission decided to disburse € 1,2 b in macro-financial assistance to Ukraine to reduce the burden on the country's budget due to the crisis caused by the COVID-19 pandemic. In December 2020, Ukraine received € 600 m as the first tranche of such assistance. In September 2021, the European Commission has approved the disbursement of € 600 m as the second tranche of macro-financial assistance to Ukraine. The EU funds will be used to support economic stabilization in Ukraine and for implementation of structural reforms, in particular in the following areas: public finance management; good governance and the rule of law; improvement of business climate; sectoral reforms and state-owned enterprises.

In September 2021, the World Bank approved $ 230 m loan to Ukraine to fight the COVID-19 pandemic as part of the global COVAX initiative (COVID-19 Vaccines Global Access (COVAX) is a global initiative aimed at equitable access to COVID-19 vaccines, COVAX’s objective is to deliver at least 1,8 billion doses to lower income countries by the end of 2021). The funds are to be allocated by December 2021. Earlier, in June 2021, the World Bank approved $ 350 m loan to Ukraine for economic recovery during the pandemic, social support for vulnerable groups, as well as to strengthen state institutions. That is the second loan under approved in June 2020 First Economic Recovery Development Policy Loan (DPL) for Ukraine when Ukraine has already received $ 350 m loan. This agreement followed another loan of $ 90 m, which the World Bank gave in May 2021 to the Health Ministry of Ukraine to help finance the fight against the COVID-19 pandemic in the country. Also in May 2021, the World Bank gave Ukraine a $ 200 m loan to improve the country's higher education system.

On July 1st, 2021, the agricultural land market was opened in Ukraine after a more than 20-year moratorium on the sale of agricultural land. Under the new law, the sale of land in one hand in the first two years after the start of the land reform is limited to 100 hectares, and only individuals who are Ukrainian citizens are eligible to buy land until January 1st, 2024. Only after January 1st, 2024 Ukrainian legal entities will be allowed to buy land at a concentration of no more than 10 000 ha. The ban on sale of state and municipal agricultural land remains in force. Admission of foreigners to the purchase of land on the territory of Ukraine will be possible only after the relevant decision is taken through a national referendum. It is expected that full implementation of new land market reform will boost economic growth by as much as 2%-3% p.a. and substantially increase the value of the economy.

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 limited risk in the escalation of protests and possible military conflicts as the situation has stabilized significantly in 2016 already. As of June 30, 2021, the carrying value of the Group's assets located in the Kharkiv oblast is € 56,2 m. Sowings of the Group in 2021 in Kharkiv oblast represented around 56 000 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. In addition, 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 EUR, the USD and the hryvnia.

Ukraine operations

Starting July 9, 2012, the National Bank of Ukraine (NBU) fixed the exchange rate for UAH/USD 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 – first-half 2021 hryvnia continued its decline till 27,18 UAH/USD as of June 30, 2021.

The devaluation of hryvnia against the euro was in line with EUR/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.

Lastly, 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 June 30, 2021, 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 € 233 k higher/lower (December 31, 2020 – € 312 k).

Foreign currency exchange rate sensitivity analysis

The Group's foreign currency denominated monetary assets and liabilities as of June 30, 2021, consist of US dollar denominated loans and other debts. Other monetary assets and liabilities are not significant.

At June 30, 2021, if the USD had weakened/increased versus EUR by 10 per cent with all other variables held constant, pre-tax profit for the half of the year would have been € 277 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 now, 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 US 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 continues collaboration with Ukrainian private bank, Alfa-Bank Ukraine, which will provide a crop financing "revolver" credit line at the prior year level.

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. The Group tends to work with banks and financial institutions owned by leading international groups.

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 presented below.

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 June 30, 2021, would have been by 10% better/lower, then the fair value of the biological assets and gross profit would increase/decrease by around € 2 837 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 June 30, 2021.

5. Restatement of expense classification

The Group decided to amend its Group accounting policy as from the 2020 in relation to certain expenses. The expenses, which are incurred by agricultural producers, are integral to supporting the production agricultural activities of such an enterprise, and relate exclusively to agricultural production, are classified as cost of production overheads.

Some of the expenses have been classified within the Group' Administrative expenses in 2019 and in first half 2020, including:

- salaries of employees employed at farms (directors, accountants, car drivers),

- cars fuel and maintenance,

- farms premises costs (rental of premises, premises supplies).

Such expenses are classified as production overheads according to the Group accounting policy since 2020 ahead. The Interim Consolidated income statement and statement of cash flow first half 2020 are restated accordingly.

The tables below summarize the total impact on the Group's consolidated financial statements as June 30, 2020.

Consolidated income statement
(in thousands of Euros)

	As previously reported first half 2020	GA farms reclass to production costs	first half 2020 as restated
Revenue	**9 474**	-	**9 474**
Change in fair value of biological assets and finished goods	1 634	(598)	1 036
Cost of sales	(8 632)	-	(8 632)
Gross profit	**2 476**	**(598)**	**1 878**
Selling, general and administrative expenses	(2 818)	598	(2 220)
Other income (expenses) net	2	-	2
Profit before interest and tax	**(340)**	-	**(340)**
Financial net expenes	(5 222)	-	(5 222)
Income tax expenses	101	-	101
Profit / (loss) for the period	**(5 461)**	-	**(5 461)**

Functional costs / costs by nature
(in thousands of Euros)

	As previously reported first half 2020	GA farms reclass to production costs	first half 2020 as restated
Cost of sales	(8 632)	-	(8 632)
Administrative & selling expenses	(2 818)	598	(2 220)
Costs by function	**(11 450)**	**598**	**(10 852)**

	As previously reported first half 2020	GA farms reclass to production costs	first half 2020 as restated
Raw materials, purchases, services and leasing	(7 220)	204	(7 016)
Personnel costs	(2 384)	350	(2 034)
Depreciation	(2 373)	44	(2 329)
Fair value and impairment adjustment (for goods sold)	579	-	579
Other expenses	(52)	-	(52)
Costs by nature	**(11 450)**	**598**	**(10 852)**

Consolidated cash flow statement

(in thousands of Euros)	As previously reported first-half 2020	GA farms reclass to production costs	first-half 2020 as restated (Note 5)
Profit / (loss) from continued operations	(5 461)	-	(5 461)
Profit / (loss) from discontinued operations	-	-	-
Profit / (loss) for the period	**(5 461)**	**-**	**(5 461)**
Depreciation on fixed assets	2 373	-	2 373
Provisions	1	-	1
Capital (gains) / losses from disposals	66	-	66
Net financial (income) / loss	5 222	-	5 222
Deferred and income taxes (income) / expense	(101)	-	(101)
Biological assets and finished goods fair value decrease / (increase)	(2 213)	598	(1 615)
Other (income) / expense with no cash impact	(3)	-	(3)
Cash flow from operating activities	**(116)**	**598**	**482**
Trade and other payables (decrease) / increase	4 299	-	4 299
Inventories decrease / (increase)	7 111	-	7 111
Biological assets cost decrease / (increase)	(8 982)	(598)	(9 580)
Trade and other receivables decrease / (increase)	(545)	-	(545)
Income tax paid	(68)	-	(68)
Working capital variation	**1 822**	**(598)**	**1 224**
Net operating cash flow	**1 706**	**-**	**1 706**

6. Events after the balance sheet date

6.1. 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. The Ukrainian government has had to issue quarantine and lockdown measures to combat the pandemic since March 2020 and entered a phase of "restriction easing" in May 2021 much like its European neighbors. Currently Ukraine is under an adaptive quarantine until December 31st, 2021. Ukraine is divided into four epidemiological zones (red, orange, yellow, green) depending on the number of COVID-19 new cases, and with varying levels of quarantine restrictions.

The national vaccination campaign began on 24 February 2021. However, although the pace of vaccination has started to pick-up since the beginning of June, Ukraine remains the country with the lowest vaccination coverage in Europe. As of the end of September 2021, 29 m doses were administered, 16% of population received at least one dose of the COVID-19 vaccine, and almost 13% of the total population has been fully vaccinated against COVID-19. The Government of Ukraine has an objective to vaccinate 24 m people by the end of 2021, which is over 55% of the total population of the country. As regards travel restrictions, the Ukrainian government has been developing a vaccine passport in collaboration with the European Commission, in order to ensure inter-operability with the European Digital Passports system.

Like in many other countries, the impact of the COVID-19 pandemic on Ukraine's economic growth has been significant. The National Bank of Ukraine (NBU) reported a decline in real GDP of 4% in 2020, compared with pre-pandemic estimates of 3,5% GDP growth over the period. In 2021, the Ukrainian economy started gradual recovery back to 3,5% GDP growth estimates both for 2021 and 2022 (based on EBRD forecasts).

The direct impact of the pandemic on the Ukrainian economy has been channelled through stopped domestic economic activity in sectors affected by the shutdown, as well as lower demand for Ukrainian exports and lower remittances from abroad. Second-round effects stem from reduced household income, redirection of government spending and disruption of investment plans of companies, resulting in lower demand for a wide range of goods and service. In agriculture, the most affected food supply chains were fruits and vegetables, milk and dairy, which experienced problems in transportation and storage, and retail. They also had difficulty in obtaining imported inputs. Commodity crop farming sector suffered the least.

In accordance with the national regulations and the best practices recommendations, AgroGeneration has put in place sanitary measures in its operations to ensure employees safety, including observing social distancing, providing proper sanitizing, etc. Administrative employees are working from home as much as possible. Travel has been virtually eliminated so that employees may observe stay-in-place orders and quarantines, with those in field operations observing all sanitary norms during the crisis. Since the start of the outbreak, there has been 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. A prolonged outbreak could strain the financing to the company that is currently in place. Still, for now, despite the pandemic, the company continues to meet all its obligations. Management will continue to closely monitor the situation and assess the need for any future additional measures as the situation develops.

6.2. Litigation with EHGO/ORNANE

On 16 September 2021, AgroGeneration and the European High Growth Opportunities Securitization Fund reached a binding agreement, formalized by the signature of a settlement agreement. This settlement agreement, which does not imply any recognition of liability, or the validity of the grievances raised on either side, should end all disputes between the parties.

On the same day, the Board of Directors of AgroGeneration approved the terms and conditions of the settlement agreement. The settlement agreement provides for the allocation by AgroGeneration to EHGO of existing treasury shares and a transactional payment of € 1,5 m to be paid by AgroGeneration in cash (in instalments) and 686 411 owned shares (total market value € 0,1 m on the date of the agreement). The other terms of the settlement agreement provide for the termination of the issuance contract (ORNANE),

the lapse of the outstanding ORNANE and the mutual release and waiver of proceedings, actions and counterclaims against the other party.

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 Interim Condensed Consolidated Financial Statements are prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. They do not include all information required for the complete annual financial statements and should be read in conjunction with the Group's Consolidated Financial Statements for the year ended December 31, 2020.

Pursuant to IAS 34, the Notes to these Interim Condensed Consolidated Financial Statements are designed to:

• Update the accounting and financial information contained in the last published Consolidated Financial Statements at December 31, 2020;

• Include new accounting and financial information about significant events and transactions that occurred during the period. Except for the application of standards, interpretation and amendments being mandatory as of January 1, 2020, the accounting principles used for the preparation of the Interim Condensed Consolidated Financial Statements are identical to those used for the preparation of the Consolidated Financial Statements for the year ended December 31, 2020. They were drawn up in accordance with IFRS, as adopted by the European Union as of June 30, 2021. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2021.

(a) Standards and amendments for mandatory application in the European Union for financial period ended June 30, 2021

- IFRS 17 – Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2023).
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (applied for annual periods beginning on or after 1 January 2023).
- 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).
- 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 – not yet authorised for issue).
- 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).
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (issued on 28 May 2020).
- Amendments to IFRS 3 Business Combinations (issued on 22 October 2018).
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019).
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018).
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018).

These standards did not have material effect on the Group’s financial statements.

(b) Standards and Interpretations published by the IASB but not yet endorsed by the EU and not applied by AgroGeneration

- Amendments to IFRS 17: insurance contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9

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 June 30, 2021.

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 June 30, 2021) 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:

	June 30, 2021		December 31,2020		June 30, 2020	
Monetary unit per € 1	**Average**	**Closing**	**Average**	**Closing**	**Average**	**Closing**
Ukrainian Hryvnia (UAH)	33,4936	32,3018	30,8013	34,7396	28,6091	29,9500
American Dollar (USD)	1,2057	1,1886	1,1423	1,2287	1,1011	1,1221

The rates used for the hryvnia and the US 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 June 30, 2021, 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 12).

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)	First half 2021
Interest on lease liabilities	1 137
Additional lease payments not contractual and not included in measurement of lease liabilities*	889
Income from sub-leasing right-of-use assets	35
Expenses relating to short-term leases	44
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-

(*) Estimation of Lease liabilities for right-of-use assets is based on contractual terms. However, majority of land lease agreements were concluded away back that caused a lag between contractual terms and current market conditions. Actual payments to landholders are higher than those stipulated in the contracts and reflect additional component not contractual within the meaning of IFRS 16. That additional component is attributable to market growing tendency.

Additional portion of not contractual land lease expenses would have an effect of € 5 210 on lease debt for continued operations as at June 30, 2021.

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 labor 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 June 30, 2021 are 31% 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 2019, the standard rate of corporate income tax is reduced to 31%, with the first € 500 000 of profit being still subject to the 28% rate.
- For financial years opened as from 1 January 2020, the 28% rate of corporate income tax became the new "ordinary rate" (for all profits).
- For financial years opened as from 1 January 2021, the ordinary rate of corporate income tax will be 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 9 legal entities that the Group controls in Ukraine as of June 30, 2021, 6 are involved in agricultural production and are eligible for the special tax regime for agricultural companies in Ukraine in 2021.

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 sale 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

The Group has one operating segment in Ukraine, which is composed of 9 legal entities operating around 57 000 hectares of farmland.

9. Intangible assets and land leases

(in thousands of Euros)	Gross value			Depreciation			Net Book Value		
	Good-will	Others	Total	Good-will	Others	Total	Good-will	Others	Total
December 31, 2019	19 435	623	20 058	(7 738)	(425)	(8 163)	11 697	198	11 896
Purchases of assets	-	4	**4**	-		**-**	-	4	**4**
Depreciation	-	-	**-**	-	(45)	**(45)**	-	(45)	**(45)**
Exchange rate differences	(804)	(106)	**(910)**	-	65	**65**	(804)	(41)	**(845)**
Disposals of assets	-	(192)	**(192)**	-	192	**192**	-	-	**-**
December 31, 2020	18 631	329	18 960	(7 738)	(213)	(7 951)	10 893	116	11 009
Purchases of assets	-	9	**9**	-		**-**	-	9	**9**
Depreciation	-	-	**-**	-	(20)	**(20)**	-	(20)	**(20)**
Exchange rate differences	193	25	**218**	-	(14)	**(14)**	193	11	**204**
Disposals of assets	-	-	**-**	-	-	**-**	-	-	**-**
June 30, 2021	18 824	363	19 187	(7 738)	(247)	(7 985)	11 086	116	11 202

As of June 30, 2021, the Group did not identify any indicator of impairment.

10. Right of use assets (Land)

(in thousands of Euros)	Gross value	Depreciation	Net Value
January 1 , 2020	14 527	(3 808)	10 719
Additions	185	-	185
Disposals	(85)	75	(10)
Depreciation	-	(1 863)	(1 863)
Exchange rate differences	(3 748)	1 103	(2 645)
Other changes	2 284	99	2 383
Change in scope			
January 1 , 2021	13 163	(4 394)	8 769
Additions	-	-	-
Disposals	(56)	56	-
Depreciation	-	(902)	(902)
Exchange rate differences	1 049	(363)	686
Other changes	1 556	-	1 556
June 30, 2021	15 712	(5 603)	10 109

11. Property, plant and equipment

(in thousands of Euros)	Gross value					Depreciation				Net Book Value				
	Buildings	**Agricultural machinery and others**	**Right-of-use Assets**	**Construction in progress and prepayments**	**Total**	**Buildings**	**Agricultural machinery and others**	**Right-of-use Assets**	**Total**	**Buildings**	**Agricultural machinery and others**	**Right-of-use Assets**	**Construction in progress and prepayments**	**Total**
December 31, 2019	**9 317**	**16 225**	**4 465**	**26**	**30 033**	**(1 507)**	**(8 238)**	**(1 862)**	**(11 607)**	**7 810**	**7 988**	**2 603**	**26**	**18 426**
Revaluation to fair value	767	7 404	436	(7)	**8 600**	-	-	-	-	767	7 404	436	(7)	**8 600**
Impact of revaluation on depreciation	(1 683)	(8 081)	(879)	-	**(10 643)**	1 683	8 081	879	**10 643**	-	-	-	-	**-**
Purchases of assets	126	303	16	682	**1 127**	-	-	-	**-**	126	303	16	682	**1 127**
Depreciation	-	-	-	-	**-**	(658)	(2 895)	(592)	**(4 145)**	(658)	(2 895)	(592)	-	**(4 145)**
Exchange rate differences	(2 230)	(3 830)	(942)	(80)	**(7 082)**	429	2 237	421	**3 087**	(1 801)	(1 593)	(521)	(80)	**(3 995)**
Disposals of assets	(146)	(897)	(881)	-	**(1 924)**	62	565	742	**1 369**	(84)	(332)	(139)	-	**(555)**
Other movements	16	133	(121)	(21)	**7**	(9)	(20)	32	**3**	7	113	(89)	(21)	**10**
December 31, 2020	**6 167**	**11 258**	**2 094**	**600**	**20 119**	**-**	**(270)**	**(380)**	**(650)**	**6 167**	**10 988**	**1 714**	**600**	**19 469**
Purchases of assets	203	889	1 147	129	**2 368**	-	-	-	**-**	203	889	1 147	129	**2 368**
Depreciation	-	-	-	-	**-**	(394)	(2 086)	(239)	**(2 719)**	(394)	(2 086)	(239)	-	**(2 719)**
Exchange rate differences	471	912	184	34	**1 601**	(14)	(97)	(37)	**(148)**	457	815	147	34	**1 453**
Disposals of assets	(39)	(43)	-	(2)	**(84)**	5	11	-	**16**	(34)	(32)	-	(2)	**(68)**
Other movements	-	851	(442)	(452)	**(43)**	-	(15)	9	**(6)**	-	836	(433)	(452)	**(49)**
June 30, 2021	**6 802**	**13 867**	**2 983**	**309**	**23 961**	**(403)**	**(2 457)**	**(647)**	**(3 507)**	**6 399**	**11 410**	**2 336**	**309**	**20 454**

Property plant and equipment comprise owned and leased assets. *(in thousands of Euros)*	**June 30, 2021**
Property plant and equipment owned	18 118
Right-of-use assets	2 336
Total Property plant and equipment	**20 454**

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, 2019	**10 719**	**661**	**1 942**	**13 322**
Transfer to property plant and equipment owned	-	-	(71)	(71)
Revaluation to fair value	-	-	436	436
Additions	185	-	16	201
Disposals	(10)	(139)	-	(149)
Depreciation charge for the year	(1 863)	(267)	(325)	(2 455)
Exchange rate differences	(2 645)	(98)	(423)	(3 166)
Other changes	2 383	(18)	-	2 365
Balance as of December 31, 2020	**8 769**	**139**	**1 575**	**10 483**
Transfer to property plant and equipment owned	-	-	(337)	(337)
Additions	-	127	1 020	1 147
Disposals	-	-	-	-
Depreciation charge for the year	(902)	(97)	(142)	(1 141)
Exchange rate differences	686	8	139	833
Other changes	1 556	(96)	-	1 460
Balance as of June 30, 2021	**10 109**	**81**	**2 255**	**12 445**

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.

The total net carrying amount of tangible assets pledged as of June 30, 2021 amounts to € 7 523k (€ 1 740 k pledge on buildings, and € 5 783 k pledge on agricultural machinery and other tangible fixed assets).

12. Financial assets

(in thousands of Euros)	Non-current			Total
	Non-consolidated subsidiaries (1)	Other financial assets (2)	Term deposit (3)	
December 31, 2019	66	22	303	391
Change in scope	-	(10)	-	**(10)**
Purchases of financial assets	-	1	551	**552**
Disposals of financial assets	-	(7)	(440)	**(447)**
Other transactions	(57)	(2)	-	**(59)**
Exchange rate difference	(9)	(4)	(72)	**(85)**
December 31, 2020	-	-	342	342
Change in scope	-	-	-	-
Purchases of financial assets	-	-	1 303	**1 303**
Disposals of financial assets	-	-	(1 597)	**(1 597)**
Other transactions	-	-	-	-
Exchange rate difference	-	-	15	**15**
June 30, 2021	-	-	63	63

(1) Non-consolidated subsidiaries include 8,96% shares of Agro-Farm, acquired in March 2013.

(2) The "Other financial assets" were mainly represented by a deposit made with a specialized financial intermediary in the scope of liquidity contract concerning transactions on the AgroGeneration share on the NYSE Euronext Alternext market. This contract has been in place since March 1, 2010, the date that the AgroGeneration security was admitted to Alternext.

The Group terminated this contract in December 2019.

(3) As of June 30, 2021 the Group had some term deposits.

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, 2020	-	342	342
Purchase of financial assets	-	1 303	**1 303**
Disposal of financial assets	-	(1 597)	**(1 597)**
Other transactions	-	-	-
Foreign exchange adjustments	-	15	**15**
Balance as of June 30, 2021	-	63	63

13. Inventories

(in thousands of Euros)	June 30, 2021 Gross Value	Depreciation	Net Value	December 31, 2020 Gross Value	Depreciation	Net Value
Raw materials and other supplies	1 035	(133)	**902**	1 607	(122)	**1 485**
Works in progress	187	-	**187**	3 693	-	**3 693**
Agricultural produce	156	-	**156**	7 359	(1)	**7 358**
Total	**1 378**	**(133)**	**1 245**	**12 659**	**(123)**	**12 536**

Raw materials and other supplies are inputs to be used in the agricultural campaign 2020/2021, including purchased seeds, fertilizers, fuel, spare parts and other suppliers. ***Work in progress*** includes costs accumulated before crop sowing.

As of June 30, 2021, ***agricultural produce*** representing € 156 k, is substantially made up of 587 tons of crops mainly from the 2020 harvest (29 612 tons as of December 31, 2020).

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

As of June 30, 2021, no finished goods has been pledged for the trade financing credit facility (€ 4 328 k (16 800 tons) of finished goods has been pledged as of December 31, 2020).

14. Biological assets

(in thousands of Euros)	June 30, 2021 Biological assets at cost	Adjustment to fair value	Fair value	December 31, 2020 Biological assets at cost	Adjustment to fair value	Fair value
Non-current						
Crops in fields	-	-	-	-	-	-
Livestock	-	-	-	-	-	-
Total non-current biological assets	**-**	**-**	**-**	**-**	**-**	**-**
Current						
Crops in fields	19 373	4 904	24 277	3 342	5 085	8 427
Livestock	22	-	22	16	-	16
Total current biological assets	**19 395**	**4 904**	**24 299**	**3 358**	**5 085**	**8 443**
Total biological assets	**19 395**	**4 904**	**24 299**	**3 358**	**5 085**	**8 443**

The Group's biological assets are cereals that are planted as of June 30, 2021 for harvest in the second half of 2021 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 6.7). 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 June 30, 2021:

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

	June 30, 2021 Cultivated area (in hectares)	Average yields (ton/ha)	Average price (EUR/ton)	Fair value (in k EUR)	December 31, 2020 Cultivated area (in hectares)	Average yields (ton/ha)	Average price (EUR/ton)	Fair value (in k EUR)
Winter Wheat	27 911	3,9	134	12 703	27 918	4,1	122	8 427
Sunflower	26 062	1,9	277	10 850				
Corn	1 011	4,3	118	356				
Soy	663	1,5	257	162				
Pea	494	2,8	184	206				
Total	**56 037**			**24 277**	**27 918**			**8 427**

If the management team's assumptions as of June 30, 2021, had been different by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 2 837 k.

The following table represents movements in biological assets for the six months ended June 30, 2021 and 12 month ended December 31, 2020:

(in thousands of Euros)	Crops	Livestock	Total
Book value as of December 31, 2019	**8 437**	**172**	**8 609**
Current Biological Assets	8 437	62	8 499
Non-current Biological Assets	-	*110*	*110*
Reclassification of work in progress to biological assets	5 244	-	5 244
Costs incurred over the period	20 126	172	20 298
Biological assets decrease due to harvest	(33 568)	(301)	(33 869)
Gain/loss due to change in fair value	**10 044**	-	**10 044**
Exchange rate differences	(1 856)	(27)	(1 883)
Book value as of December 31, 2020	**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	3 693	-	3 693
Costs incurred over the period	11 387	5	11 392
Biological assets decrease due to harvest	-	-	-
Gain/loss due to change in fair value	**(181)**	-	**(181)**
Exchange rate differences	951	1	952
Book value as of June 30, 2021	**24 277**	**22**	**24 299**
Current Biological Assets	24 277	22	24 299
Non-current Biological Assets	-	-	-

As of June 30, 2021, € 12 703 k (27 911 ha) of biological assets have been pledged for the trade financing credit facility (€ 8 427 k (27 918 ha) as of December 31, 2020).

15. Trade and other receivables

(in thousands of Euros)	June 30, 2021	December 31, 2020
Trade receivables	61	172
Prepayments to suppliers (1)	61	200
Other receivables	576	591
Social and tax receivables (excl. VAT receivables)	545	613
VAT receivables (2)	537	165
Prepaid expenses	18	16
Trade and other receivables	**1 798**	**1 757**

	June 30, 2021	December 31, 2020
Currency:		
Denominated in EUR	385	432
Denominated in USD	-	9
Denominated in UAH	1 413	1 316
Trade and other receivables	**1 798**	**1 757**

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 June 30, 2021 correspond to prepayments to suppliers of inputs for the 2021/2022 harvest.

(2) The VAT receivable as of June 30, 2021 mostly includes:

€443 k represents input VAT of Ukrainian entities.

€ 93 k related to the input VAT of AgroGeneration SA.

16. Cash and cash equivalents

(in thousands of Euros)	June 30, 2021	December 31, 2020
Cash at bank and in hand	3 690	4 282
Investment securities	-	-
Cash and cash equivalents	**3 690**	**4 282**

The Cash and cash equivalents are denominated in the following currencies as of June 30, 2021:

	June 30, 2021	December 31, 2020
(in thousands of Euros)	**Cash and cash equivalents**	**Cash and cash equivalents**
Currency :		
Denominated in EUR	85	45
Denominated in USD	1 348	2 903
Denominated in UAH	2 257	1 334
Total	**3 690**	**4 282**

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

(in thousands of Euros)		June 30, 2021 Non-current					December 31, 2020 Non-current				
			Current			TOTAL		Current			TOTAL
		Borrow-ings	*Borrow-ings*	*Interest*	***Total***		**Borrow-ings**	*Borrow-ings*	*Interest*	***Total***	
ORNANE	*(2)*	-	960	-	**960**	**960**	-	611	-	**611**	**611**
Financial lease	*(3)*	**1 059**	377	-	**377**	**1 436**	**481**	272	-	**272**	**753**
Lease Liabilities for right-of-use assets	*(3)*	**10 569**	1 941	797	**2 738**	**13 307**	**9 000**	1 525	2	**1 527**	**10 527**
Bank borrowings	*(4)*	-	2 172	14	**2 186**	**2 186**	-	6 376	55	6 431	6 431
Other financial debt	*(5)*	-	6 215	1 951	**8 166**	**8 166**	-	6 215	1 582	**7 797**	**7 797**
Total borrowings		**11 628**	11 665	2 762	**14 427**	**26 055**	**9 481**	14 999	1 639	**16 638**	**26 119**

(1) As of June 30, 2021, OSRANE has been fully converted into shares.

(2) ORNANE - refer to the Note 2.1 in the Consolidated financial statements as of December 31, 2018 for the description and details and the table below for the tranche by tranche characteristics.

Additional provision in conjunction with ORNANE indebtedness amounting to € 609 k is included within Provisions (see Notes 2.1, 6.2 and 19). The cumulative amount of liabilities in relation to ORNANE is € 1 569 k combining ORNANE borrowings € 960 k (Note 17) and provision € 609 k (Note 19). For more details, please refer to Note 2.1 Litigation with EHGO/ORNANE, Note 6.2 Litigation with EHGO/ORNANE and Note 19 Provision.

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

(4) Bank borrowings include borrowing from Alfa-Bank Ukraine (€ 2,2 m).

In the scope of the borrowings with Alfa-Bank Ukraine, the Group has pledged part of its current and non-current assets including:

- Some of the Fixed assets (Buildings and Agricultural machinery; cf. Note 11), includes some pledges to FUIB,
- Short-term deposits (cf. Note 12),
- Some of the biological assets (cf. Note 14),
- Shares in Ukrainian and Cyprus subsidiaries,
- Some of the inventories (cf. Note 13).

The shares in Harmelia, BAR, DON, POD, LAN, UNA, Tornado, BUR are pledged to the benefit of Alfa-Bank Ukraine as part of loan agreement.

The loans granted by the Alfa-Bank Ukraine are subject to covenants. The Group is not compliant with some of these covenants.

(5) Other financial debt relates to the borrowings from a related party Konkur (€ 6,2 m).

ORNANE and related BSA characteristics by tranche

		Initial Tranches			Additional Tranche	Total
		T1	T2	T3	TA1	
Date of issuance		04/07/2018	01/08/2018	29/08/2018	31/10/2018	
Number of ORNANEs	#	100	100	100	100	400
Nominal value of ORNANEs	€'000	1 000	1 000	1 000	1 000	4 000
Number of ORNANEs issued as a commission	#	5	5	5	26	41
Nominal value of ORNANEs issued as a commission	€'000	50	50	50	260	410
Date of contractual maturity		05/07/2019	02/08/2019	30/08/2018	01/11/2019	
Number of converted ORNANEs as of 30/06/2021	#	105	46	-	100	251
Number of related shares issued	#	3 315 257	1 530 107	-	3 333 331	8 178 695
Number of ORNANEs as of 30/06/2021	#	-	59	105	26	190
Nominal value of ORNANEs as of 30/06/2021	€'000	-	590	1 050	260	1900
Conversion Price	€	n/a	0	0	0	
Number of potential shares	#	-	1 966 667	3 500 000	866 667	6 333 333
Closing share price as of June 30, 2021	€	0,15	0,15	0,15	0,15	
Fair Value of the debt		**-**	**298**	**530**	**132**	**960**

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

(in thousands of Euros)	
Maturity analysis - contractual undiscounted cash flows	**June 30, 2021**
Less than one year	3 801
One to five years	12 013
More than five years	5 969
Total undiscounted lease liabilities as of June 30, 2021	**21 783**

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

(in thousands of Euros)	**2022**	**2023**	**2024**	**2025 and after**	**Total**
ORNANE	960	-	-	-	960
Financial lease	377	380	335	344	1 436
Bank borrowings	2 186	-	-	-	2 186
Other financial debt	8 166	-	-	-	8 166
Total borrowings	**11 689**	**380**	**335**	**344**	**12 748**

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

(in thousands of Euros)	June 30, 2021		December 31, 2020	
	Variable	Fixed	Variable	Fixed
ORNANE	-	960	-	611
Bank borrowings	-	2 172	-	6 376
Financial lease	1 436	-	753	-
Lease liabilities for right-of-use assets	-	12 510	-	10 525
Other financial debt	-	6 215	-	6 215
Total borrowings	**1 436**	**21 857**	**753**	**23 727**

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)	June 30, 2021	December 31, 2020
Currency:		
EUR	9 127	8 408
USD	3 621	7 184
UAH	13 307	10 527
Total borrowings	**26 055**	**26 119**

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

(in thousands of Euros)	ORNANE	Finance leases	IFRS 16 debts	Bank Borrowings and other financial debts	Total
Balance as of December 31, 2020	**611**	**753**	**10 527**	**14 228**	**26 119**
Proceeds from borrowings	-	1 179	-	-	1 179
Repayment of borrowings	-	(531)	-	(4 447)	(4 978)
Payment of lease liabilities (IFRS16)	-	-	(809)	-	(809)
Interest accrued	-	86	1 137	474	1 697
Interest repaid	-	(86)	-	(148)	(234)
Foreign exchange adjustments	-	35	864	231	1 130
Other non-cash movements	349	-	1 588	14	1 951
Balance as of June 30, 2021	**960**	**1 436**	**13 307**	**10 352**	**26 055**

The average interest rates of the Group by currency are:

Currency	June 30, 2021	December 31, 2020
EUR	10,39%	10,93%
USD	8,92%	9,40%
UAH	19,16%	19,86%

18. Share Capital

	Share capital in Euros	Number of shares	Share premium in Euros
December 31, 2019	**11 079 319**	**221 586 387**	**225 041 745**
Additional shares issued (OSRANE full redemption)	-	-	-
Additional shares issued (ORNANE)	-	-	-
December 31, 2020	**11 079 319**	**221 586 387**	**225 041 745**
Additional shares issued (OSRANE full redemption)	-	-	-
Additional shares issued (ORNANE)	-	-	-
June 30, 2021	**11 079 319**	**221 586 387**	**225 041 745**

As of June 30, 2021, 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
Stock-options	462 500	462 500
ORNANE	190	6 333 333
ORNANE BSA stock-warrants	4 123 781	4 123 781
Konkur warrants	1 379 487	2 519 544

19. Provisions

(in thousands of Euros)	Provisions for litigation	Provisions for liabilities and expenses	Total
December 31, 2019	**609**	**-**	**609**
Additionnal	-	40	**40**
Reversal (used)	-	-	-
Reversal (unused)	-	-	-
Exchange rate differences	-	(4)	**(4)**
Transfer toward liabilities	-	-	-
December 31, 2020	**609**	**36**	**645**
Additionnal			
Reversal (used)	-	(36)	**(36)**
Reversal (unused)	-	-	-
Exchange rate differences	-	-	-
Change in perimeter	-	-	-
June 30, 2021	**609**	**-**	**609**

The management closely monitors legal and tax litigations and assesses the relating risks (see note 3.2). As of June 30, 2021, the Group is only exposed to litigation with EHGO (see notes 2.1, 6.2. and 17). The cumulative amount of liabilities in relation to ORNANE is € 1 569 k combining Ornane borrowings € 960 k (Note 17) and provision € 609 k (Note 19). Following the solution taken after the reporting date (see Note 6.2) the Group will update its liabilities in the Financial Statements as of December 31, 2021. As mentioned in Note 6.2. the settlement agreement provides for the allocation by AgroGeneration to EHGO of existing treasury shares and a transactional payment of € 1,5 m to be paid by AgroGeneration in cash (in instalments) and 686 411 owned shares (total market value € 0,1 m on the date of the agreement). The outstanding ORNANE liability (Note 17) will be terminated by the terms of this settlement agreement (Note 6.2.). For more details, please refer to Note 2.1 Litigation with EHGO/ORNANE, Note 6.2 Litigation with EHGO/ORNANE, Note 17 Borrowings.

20. Trade and other payables

(in thousands of Euros)	June 30, 2021	December 31, 2020
Trade payables	2 415	1 686
Advance payments received	104	20
Social & tax payables	1 041	1 014
VAT payables	185	585
Deferred income	-	-
Other payables	1 201	534
Payables on the purchase of fixed assets	100	-
Payables under companies disposal terms (1)	1 150	1 188
Trade and other payables	**6 196**	**5 027**

(1) Payable under the terms of agreement of disposal of Cypriot Companies and Agro Dom Plus (c.f. Note 2.1 Consolidated financial statements as of December 31, 2020).

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

(in thousands of Euros)	June 30, 2021	December 31, 2020
Currency:		
Denominated in EUR	1 464	1 440
Denominated in USD	772	781
Denominated in UAH	3 960	2 806
Trade and other payables	**6 196**	**5 027**

21. 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 June 30, 2021

(in thousands of Euros)	Note	Measured at amortised cost	Measured at fair value		Total carrying amount	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			63		63		63		
Other financial assets									
Trade and other receivables	15	637			637	637			
Cash and cash equivalents	16		3 690		3 690		3 690		
Liabilities									
ORNANE	17		960		960		(960)		
Non-current and current bank borrowings	17	(2 186)			(2 186)	(2 186)			
Non-current and current financial lease	17	(1 436)			(1 436)	(1 436)			
Lease liabilities for right-of-use assets	17	(13 307)			(13 307)	(13 307)			
Other financial debt	17	(8 166)			(8 166)	(8 166)			
Trade and other payables	20	(4 866)			(4 866)	(4 866)			

Financial assets and liabilities by category and fair value as of December 31, 2020

(in thousands of Euros)	*Note*	Measured at amortised cost	Measured at fair value		Total carrying amount	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			342		342		342		
Other financial assets									
Trade and other receivables	15	763			763	763			
Cash and cash equivalents	16		4 282		4 282		4 282		
Liabilities									
ORNANE			(611)		(611)		(611)		
Non-current and current bank borrowings	17	(6 431)			(6 431)	(6 431)			
Non-current and current financial lease	171	(753)			(753)	(753)			
Lease liabilities for right-of-use assets	7	(10 527)			(10 527)	(10 527)			
Other financial debt	17	(7 797)			(7 797)	(7 797)			
Trade and other payables	20	(3 408)			(3 408)	(3 408)			

22. Revenues from operating activities

(in thousands of Euros)	first half 2021	first half 2020
Sales of agricultural produce (1)	13 656	9 104
Services and others (2)	224	370
Total revenue from operating activities	**13 880**	**9 474**

(1) In first half 2021, AgroGeneration sold 28 861 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)	first half 2021	first half 2020
Ukraine	13 880	7 841
France	-	1 633
Total revenue	**13 880**	**9 474**

23. Functional costs / costs by nature

(in thousands of Euros)	first half 2021	first half 2020, as restated (Note 5)
Cost of sales	(7 730)	(8 632)
Administrative & Selling expenses	(1 414)	(2 220)
Costs by function	**(9 144)**	**(10 852)**
Raw materials, purchases services and leasing	(3 949)	(7 016)
Personnel costs	(1 455)	(2 034)
Depreciation	(2 130)	(2 329)
Fair value and impairment adjustment (for goods sold)	(1 580)	579
Other expenses	(30)	(52)
Costs by nature	**(9 144)**	**(10 852)**

On average, in the first half 2021 the Group had 769 employees.

24. Other income and expense

(in thousands of Euros)	first half 2021	first half 2020
Proceeds from fixed assets sold	38	227
Other income	43	72
Other operating Income	**81**	**299**
Depreciation of goodwill	-	-
Net book value of fixed assets sold	(66)	(293)
Provision for liabilities and expenses	-	-
Net result (loss) from sale of investment	-	-
Other expenses	(48)	(4)
Other operating expenses	**(114)**	**(297)**
Other operating income and expenses	**(33)**	**2**

25. Net financial income / (expenses)

(in thousands of Euros)		first half 2021		first half 2020	
Cost of debt	(1)	(573)		(1 116)	
Foreign exchange gains and losses		1 169		(2 439)	
realised foreign exchange gains/losses	(2)		*(11)*		*(969)*
unrealised foreign exchange gains/losses	(3)		*1 180*		*(1 470)*
Other		(1 462)		(1 667)	
Net financial expense		**(866)**		**(5 222)**	

Interest expense

Cost of debt is mostly composed of € 0,1 m interest on bank loans and of €0,4 m of interest to related party Konkur.

Foreign exchange gains and losses

The Group's foreign currency denominated monetary assets and liabilities as of June 30, 2021 consist of USD and EUR denominated loans and other debts. Other monetary assets and liabilities are not significant.

Due to the impact of the current political situation on the volatility of Ukrainian hryvnia (cf. Note 3.3), the exchange rate Ukrainian hryvnia/USD fluctuated during the half year and as of reporting date changed from 28,27 UAH/USD on December 31, 2020 to 27,18 UAH/USD on June 30, 2021.

(2) Realised foreign exchange gains and losses (net amount € 11 k loss) generated by the Group in first half 2021 due to the change in foreign exchange rate between the dates when the liability/asset was recognised and when it was settled. Out of it, € 29 k of net realised exchange gain occurred on the repayment of bank loans, and € 40 k loss occurred on the repayment of ICO loans and sales and purchases transactions.

(3) Unrealised foreign exchange gains and losses generated by the Group in first half 2021 due to the translation of all monetary items of Ukrainian entities and holding companies (mostly bank loans and intercompany loans) from foreign currency (mostly USD) into functional currency (UAH and EUR respectively). Unrealised foreign exchange gain generated included:

- € **158 k** gain mostly related to the bank loans and other debt;
- € **1 022 k** gain related to the inter-company loans, interest on loans and other ICO debt between Ukrainian, Cyprus and French entities.

Note that certain intercompany loans are classified as net investments (cf Note 7.3 (b)). However, corresponding unrealised foreign exchange loss recognised directly in equity is nil, since these loans are between Cyprus and French entities with the same functional currency.

Other financial income/(expenses) in the first half 2021 includes € 1 137 k of the net interest expenses related to the IFRS 16 standard (€ 1 129 k in first half 2020).

26. 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)	**first half 2021**	**first half 2020**
Net consolidated income / (loss) - group from continued activity (€'000)	3 656	(5 461)
Net consolidated income / (loss) - group from discontinued activity (€'000)	-	-
Net consolidated income / (loss) - group share (€'000)	**3 656**	**(5 461)**
Dilution impact (€'000)	-	-
Net consolidated income / (loss) after dilution impact	**3 656**	**(5 461)**
Weighted average number of ordinary shares	227 233 309	227 233 309
Potential dilution	-	-
Weighted average number of shares after dilution impact	**227 233 309**	**227 233 309**
Net income / (loss) per share (Euros) - group share	**0,02**	**(0,02)**
Net income / (loss) per share (Euros) after dilution - group share	**0,02**	**(0,02)**
Net income/(loss) per share (Euro) – from continued operations	**0,02**	**(0,02)**
Net income/(loss) per share (Euro) after dilution – from continued operations	**0,02**	**(0,02)**
Net income/(loss) per share (Euro) – from discontinued operations	**-**	**-**
Net income/(loss) per share (Euro) after dilution – from discontinued operations	**-**	**-**

Over the first half 2021, 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.

27. Transactions with related parties

Material transactions entered into over the period and remaining balances as at June 30, 2021 with parties that have significant influence over the Group are as follows:

(in thousands of Euros)	June 30, 2021		first-half 2021		December 31, 2020		first-half 2020	
	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
***SigmaBleyzer group :** various entities under common control*								
Management Fees	-	(61)	-	-	-	(59)	-	-
Consulting services	-	-	-	-	-	-	-	(1)
Loans	-	(6 215)	-		-	(6 215)	-	
Rent of premises*	-	(103)	-	(18)	-	(171)	-	(41)
Interest on loans	-	(1 952)	-	(370)	-	(1 582)	-	(371)
Others	-	(462)	1	-	-	(59)	1	-
Key management								
John Shmorhun	-	-	-	-	-	-	-	(226)
Sergiy Bulavin	-	-	-	(34)	-	-	-	(22)
Total	-	(8 793)	1	(422)		(8 027)	1	(661)

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

28. List of consolidated companies

All companies are fully consolidated.

#	Name	Conso name	Registered office	Activity	June 30, 2021 % of interest	December 31, 2020 % 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	Kiev - Ukraine	Service operating company	100%	100%
5	APK Donets LLC	DON	Kharkiv - Ukraine	Agricultural producer	100%	100%
6	Burlukskoje PC	BUR	Kharkiv - Ukraine	Agricultural producer	100%	100%
7	AF Barvenkovskaya LLC	BAR	Kharkiv - Ukraine	Agricultural producer	100%	100%
8	AF Podoljevskaja 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%