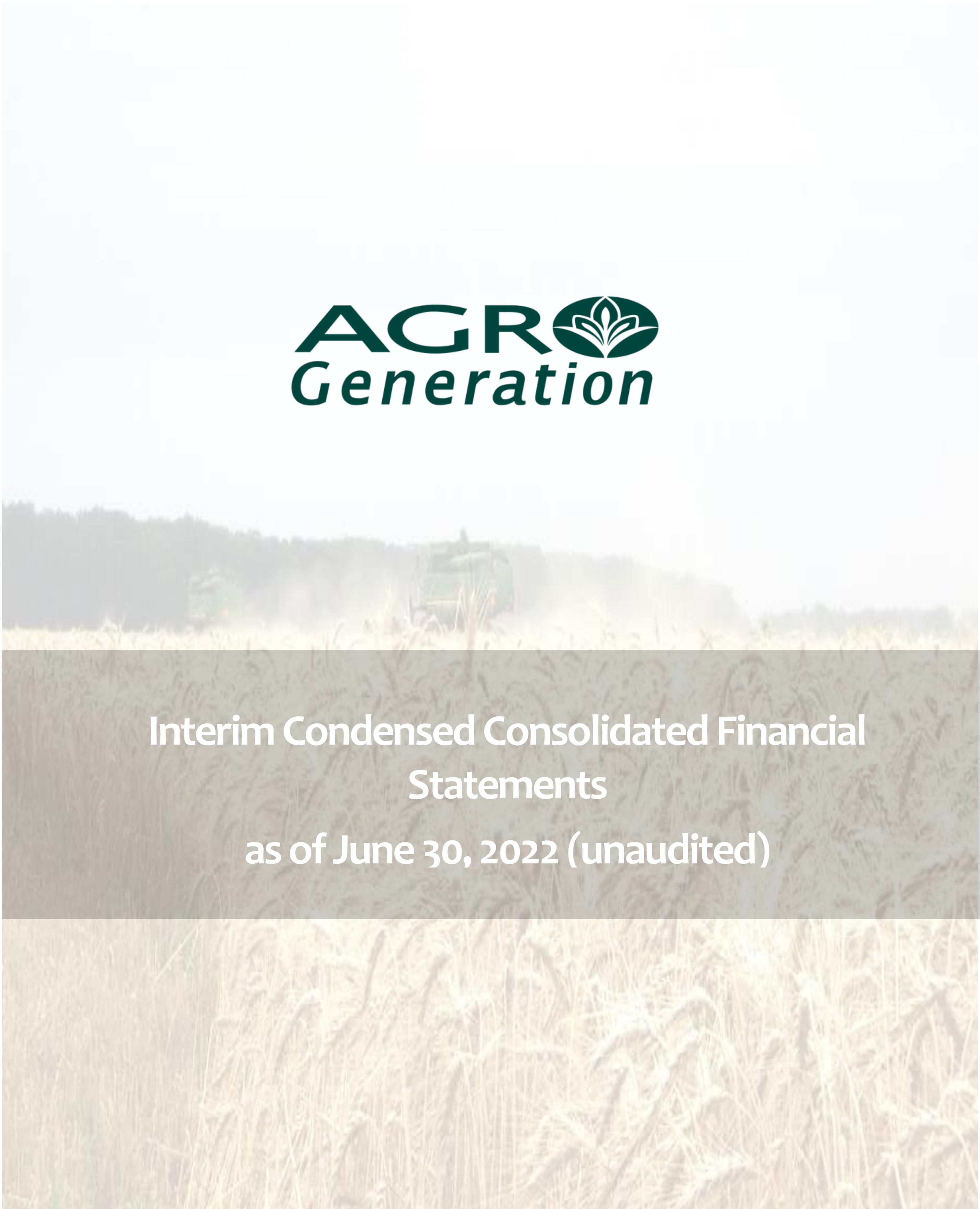

Interim Condensed Consolidated Financial Statements

as of June 30, 2022 (unaudited)

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Consolidated statement of financial position

(in thousands of Euros)

Assets	***Note***	**June 30, 2022**	**December 31, 2021**
Non-current assets		**27 813**	**32 829**
Intangible assets	9	70	125
Right-of-use Assets (Land)	10	15 496	13 386
Property, plant and equipment	11	12 247	19 318
Current Assets		**30 586**	**49 204**
Inventories	13	3 092	26 471
Financial assets	12	163	2 691
Biological assets	14	13 387	12 340
Trade and other receivables	15	4 631	3 294
Cash and cash equivalents	16	9 314	4 408
Total assets		**58 400**	**82 033**

Equity and Liabilities	***Note***	**June 30, 2022**	**December 31, 2021**
Equity		**22 575**	**50 145**
Share capital	18	11 079	11 079
Share premium	18	225 042	225 042
Other reserves		(118 608)	(118 608)
Retained earnings		(54 168)	(81 719)
Revaluation reserves		20 307	33 656
Currency translation differences		(33 885)	(33 507)
Net Income		(27 192)	14 202
Non-controlling interests		-	-
Non-current liabilities		**16 865**	**14 754**
Provisions	19	-	-
Non-current borrowings	17	826	984
Non-current lease liabilities for right-of-use assets	17	16 039	13 770
Deferred tax liabilities		-	-
Current liabilities		**18 960**	**17 134**
Provisions	19	-	26
Current borrowings	17	7 275	6 747
Current lease liabilities for right-of-use assets	17	5 746	3 098
Trade and other payables	20	5 939	7 263
Current income tax liability		-	-
Total equity and liabilities		**58 400**	**82 033**

Consolidated income statement

(in thousands of Euros)	*Note*	first half 2022	first half 2021 as restated (Note 5)
Revenue	22	**16 378**	**13 880**
Change in fair value of biological assets and finished goods	14	(7 385)	310
Cost of sales	23	(15 501)	(7 730)
Gross profit / (loss)		**(6 508)**	**6 460**
Selling, general and administrative expenses	23	(2 223)	(1 414)
Other income and expenses	24	18	(33)
Losses and expenses incurred as the result of war	25	(17 048)	-
Profit before interest and tax		**(25 761)**	**5 013**
Financial net (expenses) / income	26	(1 431)	(1 282)
Income tax (expense) / gain		-	-
Profit / (loss) for the period		**(27 192)**	**3 731**
Non-controlling interests		**-**	**-**
Profit /(loss) from continued and discontinued operations attributable to the Group		**(27 192)**	**3 731**
Profit / (Loss) attributable to equity holders of the company (€, 000)		(27 192)	3 731
Weighted average number of ordinary shares		221 586 387	227 233 309
Basic earnings / (loss) per share (in Euros per share)	27	**(0,12)**	**0,02**
Profit / (loss) attributable to equity holders of the company after dilution (€, 000)		(27 192)	3 731
Weighted average number of ordinary and potential shares		221 586 387	227 233 309
Diluted earnings / (loss) per share (in Euros per share)	27	**(0,12)**	**0,02**

Consolidated statement of comprehensive income

(in thousands of Euros)	first half 2022	first half 2021 as restated (Note 5)
Profit / (loss) for the period	**(27 192)**	**3 731**
Items that will not be reclassified to profit and loss, net of tax	-	-
Gains on Property, plant and equipment revaluation	-	-
Items that are or may be reclassified to profit and loss, net of tax	**(378)**	**1 520**
Currency translation differences arising during the period	(378)	1 520
Currency translation loss reclassified to profit or loss during the period	-	-
Total comprehensive income of the period	**(27 570)**	**5 251**

Consolidated statement of changes in equity

(in thousands of euros)	Share capital	Share premium	Other reserves	Retained earnings	Revaluation reserves***	Currency translation differences*	Total, Group share	Non-controlling interest	Total equity
Balance as of December 31, 2020, *restated (Note 5)*	**11 079**	**225 042**	**(118 608)**	**(81 762)**	**33 699**	**(35 592)**	**33 858**	**-**	**33 858**
Other comprehensive income/(expenses) *	-	-	-	-	-	2 085	2 085	-	2 085
Transfer from other comprehensive income to retained earnings**	-	-	-	43	(43)	-	-	-	-
Net Income / (loss) for the year	-	-	-	14 202	-	-	14 202	-	14 202
Balance as of December 31, 2021	**11 079**	**225 042**	**(118 608)**	**(67 517)**	**33 656**	**(33 507)**	**50 145**	**-**	**50 145**
Other comprehensive income/(expenses)	-	-	-	-	-	(378)	(378)	-	(378)
Transfer from other comprehensive income to retained earnings**	-	-	-	13 349	(13 349)	-	-	-	-
Net Income / (loss) for the year	-	-	-	(27 192)	-	-	(27 192)	-	(27 192)
Balance as of June 30, 2022	**11 079**	**225 042**	**(118 608)**	**(81 360)**	**20 307**	**(33 885)**	**22 575**	**-**	**22 575**

(*) Currency translation differences

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

The negative impact of currency translation differences for the first half 2022 amounts to **€378k** and is composed of:

€ 580 k loss due to translation difference on current year net loss arising from the difference between average (or daily) and closing rate (31,74 UAH/ EURO and 30,78 UAH/EURO respectively).

€ 202 k gain due to translating the opening net assets at a closing rate (30,78 UAH/EURO) that differs from the previous closing rate (30,92 UAH/EURO): the gain is due to the fact that net assets of Ukrainian entities are positive.

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

Consolidated cash flow statement

(in thousands of Euros)	Note	first half 2022	first half 2021 restated (Note 5)
Profit / (loss) for the period		**(27 192)**	**3 731**
Depreciation on fixed assets		1 898	2 130
Provisions		-	-
Capital (gains) / losses from disposals		(3)	28
Net financial (income) / loss		1 431	1 282
Biological assets and finished goods fair value decrease / (increase)		14 700	1 270
Impairment of tangible assets, inventories, work in progress resulting from war		16 182	-
Other (income) / expense with no cash impact		61	22
Cash flow from operating activities		**7 077**	**8 463**
Trade and other payables (decrease) / increase*		(1 000)	801
Inventories decrease / (increase)		4 962	5 121
Biological assets cost (increase) / decrease		(6 512)	(8 683)
Trade and other receivables (increase) / decrease **		(1 619)	(19)
Income tax paid		-	-
Working capital variation		**(4 169)**	**(2 780)**
Net operating cash flow		**2 908**	**5 683**
Cash flow from investing activities			
Purchase of property, plant and equipment		(592)	(2 145)
Purchase of intangible assets		(20)	(9)
Disposal of property, plant and equipment		47	48
Disposal of financial assets		2 788	-
Net investing cash flow		**2 223**	**(2 106)**
Cash flow from financing activities			
Pledged term deposits decrease / (increase)	12	(116)	302
Proceeds from borrowings		-	1 179
Repayment of borrowings		(136)	(4 978)
Payment of lease liabilities for right-of-use assets		(442)	(809)
Gain / (losses) from realised foreign exchange		631	(11)
Paid interests		(28)	(234)
Net cash generated from financing activities		**(91)**	**(4 551)**
Effects of exchange rate changes on cash and cash equivalents		(134)	382
Net movement in cash and cash equivalents		**4 906**	**(592)**
Cash and cash equivalents at the beginning of the period	17	**4 408**	**4 282**
Cash and cash equivalents at the end of the period	17	**9 314**	**3 690**
Cash and cash equivalents at the end of the period from discontinued operations		**-**	**-**
Cash and cash equivalents at the end of period from continued operations		**9 314**	**3 690**

** In the consolidated balance sheet, the accounts receivable as of June, 30 2022 include prepayments made to suppliers of the Group in connection with inputs for the 2022 harvest. In the consolidated cash flow statement, the variation in prepayments to suppliers (negative cash flow / increase in receivable), which stands at € 96k, 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 2022 include prepayments received from Group customers in respect of upcoming deliveries in 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 € 433k, not inclusive of exchange rate effects, is presented as a change in accounts receivable.*

Notes to the 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, 2022 were authorized for issue by the Board of Directors on November 23, 2022. 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 Consolidated Financial Statements for the six months ended June 30, 2022 include the accounts of AgroGeneration SA and of all companies controlled by the Group, as well as companies over which the Group exercises significant influence. Please refer to the Note 29 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.

2. Major events of the period

2.1. Military invasion of Ukraine and Going concern risks

On 24 February 2022 Russian Federation launched a full-scale military invasion of Ukraine, followed by intense military actions unfolded in a number of regions of the country, mainly in the East and in the South of Ukraine.

This invasion caused irreparable damage both to the entire economy of the country and to its separate industries.

In 2022, on the back of the full-scale Russian invasion of Ukraine, local agricultural producers reduced the amount of lands under sowings by 25% on average on the back of partial occupation, damaged fields, close proximity to the frontlines. Average crop yield reduction of 10% is expected in Ukraine due to compelled violation of the normal production technology. Around 20 million of 2021 stock (mainly corn) was blocked in the Ukrainian seaports followed by sharp reduction in local crop prices and aggravating transportation and logistics (additionally affected by damaged railroads and other transport routs). Signed in late July 2022 export agreements between Ukraine, Turkey and UN may ease the situation with oversupply in the country, but their full execution remains the subject for high uncertainty. Total value of damages to Ukrainian agricultural sector due to war is currently estimated at over $4 billion with over 50% of the amount presented by damaged lands and unharvested winter crops.

The Kharkiv region, where all the land assets managed by the Group are located, is among those territories where active military conflict is still underway.

Thanks to the active counter-offensive of the Armed Forces of Ukraine in the Kharkiv region in early September 2022, those farmlands of AgroGeneration that were under occupation by Russian troops from the very beginning of the war, located in the Burluk and Balakliya regions, were liberated. Still, as of the date of this publication, the Management had no accurate information on the state of those lands, as access to them was restricted by Ukrainian military authorities due to the need to check them for Russian mines. In addition, the liberated regions continue to be subject to daily rocket and artillery attacks from the territory of the Russian Federation, as they are located near the border with the invader.

Following these events, the Group also suffered a significant negative impact from hostilities and temporary occupation by Russian troops which amount around €17 million, recognized in current interim consolidated financial statements, including lost crops, damaged machinery and infrastructure, inventories, etc. (Note 25).

In response to these matters, the business processes within the Company have been rebuilt to adjust to the existing challenges and to provide continuity to the Group's activities. The Group has taken the following actions:

- The Group's key personnel and top managers continue working but remotely. AgroGeneration paid two-month salaries to all employees of the Group located in Ukraine in advance at the beginning of March 2022.

- The spring sowing campaign was completed in May 2022; the Group had sufficient seeds, fertilizers, fuel, pesticides and other inputs required for the sowing season, as well as the necessary vehicles, agricultural machinery and human resources. The harvesting campaign was started by the Group in July 2022 and was still in progress as of the date of this publication. The Group plans to harvest around 30k hectares (vs. 56k hectares in 2021) of its landbank (spring and winter crops) in 2022.
- Selling, general and administrative and other operating expenses, as well as CAPEX, have been reduced to the minimum required to meet the primary needs of the Group's core business.
- In early October 2022, the Group launched operational restructuring aimed to carve out those assets and infrastructure of the Group, which became “toxic”, as their value strongly decreased (Note 6.1). Since the procedure initiation, the scope of the Group’s business has reduced to around 30,000 hectares. Consequently, the Management of the Group has started optimization procedures to bring general and administrative costs to a level that correlates with the new size of the Group’s operations.
- Thanks to strong cash position of the Group at the end of 2021 (on the back of successful 2021 crop season and absolutely remarkable selling crop prices), the management of the Company was able to cover all operational expenses, including execution of 2022 spring sowing campaign in extremely difficult conditions of war and under significant loss occurred in the H1 2022, and expects to be able to finish 2022 without cash deficit despite foreseen significant deterioration of production performance of the Group on the back of war.

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

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

In December 2019, an outbreak of a new strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread worldwide. On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic. Ukraine declared a state of emergency on March 25, 2020.

By the end of 2020, Ukraine had adopted a National COVID-19 Vaccination Roadmap, and a vaccination campaign started in February 2021. The Ukrainian government approved the use of AstraZeneca/Covishield, Sinovac Biotech, and Pfizer vaccines in Ukraine. In 2021, vaccinations were executed all over Ukraine.

Due to the COVID-19 pandemic, Ukrainian economic sectors was hit hard in 2020, and a slow recovery was observed in 2021, subject to global post-pandemic recovery. Due to vaccination conducted in 2021, Ukraine was able to soften the strictness of lockdowns allowing businesses to operate in the environment closer to normal while keeping minimum required preventive measures in place. Agriculture was among the least affected by quarantine restrictions, while service, trade and transport were the most affected. The direct impact of the pandemic on the economy was 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 accordance with the national regulations and the best practices recommendations, AgroGeneration put in place sanitary measures in its operations to ensure employees safety, including observing social distancing, providing proper sanitizing and protective masks, organizing medical screenings at the office premises or local medical authorities, etc. from the very beginning of the pandemic outbreak.. Administrative employees worked from home as much as possible. Travel were virtually eliminated so that employees may observe stay-in-place orders and quarantines, with those in field operations observing all sanitary norms. In 2021, the Company kept safety measures in place for continuity of business operations.

In addition, during 2021, the Company also took a proactive position by promoting vaccination along with other measures aimed at securing employees' safety in line with the guidelines issued by the Government of Ukraine. The Group executed vaccination program for its employees at the local medical authorities. By the end of 2021, 92% of the employees in the corporate centre of the Group and 50% of the employees in the farms were vaccinated.

In 2022, quarantine restrictions in Ukraine due to COVID 19 continued, but had adjustments due to the full-scale war launched by the Russian Federation as it invaded Ukraine in February 2022. Since the beginning of war and over the period of martial law, the government canceled the establishment of different levels of epidemic danger in Ukraine, still extended the quarantine and state of emergency to prevent the spread of COVID-19 (the latest extension was made in late August 2022 through December 2022). Due to the war, the daily number of vaccinations in the country has significantly decreased in 2022. Still, despite the war constraints, according to the Ukrainian government authorities, there are sufficient amount of vaccine in the country. All in all, as of November 2022, 5.3 million people were infected with COVID-19 in Ukraine since the start of the outbreak, of which 110,000 died from the disease.

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

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

3. Financial risk management

3.1. Geopolitical risks in Ukraine

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

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

On 24 February 2022, Russian forces commenced a military invasion of Ukraine resulting in a full-scale war across the country. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. By November 1, 2022, more than 7.7 million individual refugees from Ukraine had been recorded across Europe, while over 4 million people had been internally displaced in Ukraine. As of November 2022, up to 4.7 million Ukrainians registered for temporary protection or similar national protection schemes in Europe. According to UN data, the largest number of refugees with the status of temporary protection are currently located in Poland - almost 1.5 million people. More than 0.7 million refugees are officially registered in Germany, and around 0.4 million in the Czech Republic. Since the beginning of war Ukrainian seaports were blocked (until August 2022, when export agreements between Ukraine, Turkey and UN were signed) and airports were closed and had been damaged, as well as many roads and bridges had been damaged or destroyed, further aggravating transportation and logistics. According to World Bank report as of September 2022, the total amount of damage to the Ukrainian economy caused by Russia's war against Ukraine is estimated at $349 billion.

After the start of the war in Ukraine in February 2022, the Ukrainian government, aiming to maintain macro stability and avoid a humanitarian catastrophe in the country, has implemented emergency measures to protect core government operations and ensure Ukrainians can continue to access cash and meet their most basic needs, including the fixation of the official exchange rate, postponement of the decision regarding the change of the key police rate, taxation amendments, etc. The National Bank of Ukraine (NBU) has taken steps necessary to ensure uninterrupted cash and cashless payments and to support the continuous functioning of the Ukrainian banking system under martial law. The banking system remains stable and liquid; the payment system remains operational, banks are open.

Since the beginning of war in Ukraine, international organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, have provided Ukraine with bilateral and concessional financing, donations and material support. In total, international support has reached, according to publicly available sources, up to $20 billion to the date.

According to leading world financial institutions (e.g. WB, IMF, EBRD) latest available estimates, the Ukrainian economy is expected to contract by 30-35% in 2022. The International Monetary Fund predicts Ukraine's government debt to increase to 86.2% of the country's GDP in 2022 due to Russia's war (vs. 49% in 2021). The country's budget deficit may reach 17.8% (vs.-3.4% GDP in 2021). According to the NBU forecasts, inflation rate in Ukraine will accelerate to 30% at the end of 2022, followed by reduction to 20.8% in 2023, and will reach 10% in 2024.

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

The known and estimable effects of the above events on the financial position and performance of the Group in the reporting period have been taken into account in preparing these consolidated financial statements. All farming subsidiaries of the Group are located in the Kharkiv oblast of Ukraine, where there is a high risk in the further escalation of military conflict, which is already in place since February 2022. Sowings of the Group in 1H 2022 in Kharkiv oblast represented around 30,000 ha. To the date of this publication, on the back of war, the Group has constrainedly reduced its operational land assets to around 30,000 ha (Note 6.1).

Management is monitoring the developments in the current environment and taking actions, where appropriate, to minimize any negative effects to the extent possible. Further adverse developments in the political, macroeconomic and/or international trade conditions may further adversely affect the Group's financial position and performance in a manner not currently determinable.

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

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

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

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

3.3. Risks related to changes in exchange rates

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

Ukraine operations

Starting July 9, 2012 the National Bank of Ukraine (NBU) fixed the exchange rate for USD / hryvnia at the rate of 7,993 hryvnia per 1 USD. On February 6, 2014 this measure was released and NBU stopped supporting the exchange rate of hryvnia. This measure together with the economic situation resulted in a sharp decline of hryvnia foreign exchange rate which reached 15,77 UAH/USD as of the end of 2014. During 2015 –2021 hryvnia continued its decline till 29,25 UAH/USD as of June 2022.

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

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

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

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

Financial debt

Interest rate risk sensitivity analysis

At June 30, 2022, if interest rates (for both variable-rate and fixed-rate borrowings) at that date had been 10 basis points higher/lower with all other variables held constant, interest expense for the year would have been € 280k higher/lower (December 31, 2021– €245k)).

Foreign currency exchange rate sensitivity analysis

The Group's foreign currency denominated monetary assets and liabilities as of June 30, 2022 consist of US dollar denominated loans and other debts. Other monetary assets and liabilities are not significant.

At June 30, 2022, if the USD had weakened/increased versus EUR by 10 per cent with all other variables held constant, pre-tax profit for the year would have been € 648k lower / higher.

3.4. Risks related to commodities price changes

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

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

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

Crop prices in the H1 2022 were significantly affected by the military invasion of Ukraine by Russian troops launched in February 2022, followed by blockade of the Ukrainian seaports, oversupply of grains within the country, damaged transportation routes and overall paralysis of the Ukrainian supply chain.

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.

Stable financial position at the end of 2021 enabled the Group to reduce its debt burden and no new banking financing has been attracted as of June 30, 2022. As of the date of publication of these Financial Statements, the Group continues negotiations with the Ukrainian banks and other potential investors to secure the working capital needs for the next 2023 crop production season, although the war factor and location of the Group's farmlands in the Kharkiv region (at the frontline) currently create some limitations in the amounts and sources of the external financing.

3.6. Counterparty risks

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

3.7. Capital repatriation risks

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

4. Critical accounting judgments and estimates

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

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

4.1. Impairment test on intangible assets

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

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

The Group's biological assets are measured at fair value less costs to sell at each balance sheet date. The fair value of biological assets varies according to climatic conditions during growth and harvest, yield potential and price development. A change in any of these estimates could lead to a material change in the income statement. If the management team's assumptions as of June 30, 2022, would have been by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 1 667 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, 2022.

5. Restatement of the measurement of right-of-use assets and liabilities related to the land lease agreements according to IFRS 16 Leases

The Group has applied IFRS 16 Leases starting from January 01, 2018 using the modified retrospective approach, under which the right-of-use assets have been recognized at the date of initial application at an amount equal to the lease liability.

Estimation of Lease liabilities for right-of-use assets was based on contractual terms since the inception of application of IFRS 16 Leases. However majority of land lease agreements were concluded away back that caused a lag between contractual terms and evolving market conditions. Actual payments to landholders are higher than those stipulated in the contracts and reflect additional component attributable to market growing tendency. That additional component, as non-contractual, was initially treated out of scope of IFRS 16.

In 2021, based on the analysis of the land lease market evolvement, legal aspects of cooperation of landholders and lessees, and development of terms of the agreement between the Group companies and the landlords, the Group has modified it’s approach. This modification provides to include the full actual

land lease payment to the measurement of lease assets and liabilities related to land lease under IFRS 16 Leases.

IFRS 16 provides that measurement of the lease liabilities includes variable lease payments that depend on an index or a rate or payments that vary to reflect changes in market rental rates. The characteristic of the land lease rate paid by the Group is largely driven by the market and reflects the nature of this rate as the variable rental rate of the evolving market. Encompassing of the market lease rate, which exceeds contractual rate usually pre-set a few years back, improves the condition of landholders and is aimed at maintaining a balance of property interests of the contractual parties. The Group considers that to act in a manner consistent with Ukrainian land lease practices, which is undertaking constructive obligation to pay market rental rate, allows to conduct operational activities based on good standing cooperation with the landholders.

Furthermore, in order to strengthen its legal position, the Group is gradually implementing the provisions to validate land lease payable at market rates into the existing and new land lease agreements with the landholders.

To summarize : conventional circumstances and peculiarities of Ukrainian agricultural land lease market, correspondent taxation of the full amount of land lease landholders' income, historical cooperation of the Group with the landholders, and strengthening of legal provisions of the agreements with the landholders - all these factors provide ground for the modification of measurement of land lease assets and liabilities.

Upon modification of the approach, the Group includes for the measurement of land lease liabilities all variable lease payments to reflect changes in market rent rates.

The Group believes that the modified approach provides more complete, relevant and useful information for the stakeholders of financial information.

Effects of the changes on the consolidated income statement for the six months ended 30 June 2021:

Restatement of Income Statement lines for the year 2020	HY 2021 published	IFRS 16 restatement effect	HY 2021 restated
Revenue	13 880	-	13 880
Change in fair value of biological assets and finished goods	(181)	491	310
Cost of sales	(7 730)	-	(7 730)
incuding cost elements : leasing & other production elements	(6 150)	-	(6 150)
incuding cost elements : FV adjustment in COS	(1 580)	-	(1 580)
Gross profit	**5 969**	**491**	**6 460**
Selling, general and administrative expenses	(1 414)	-	(1 414)
Other income (expenses) net	(33)	-	(33)
Profit before interest and tax	**4 522**	**491**	**5 013**
Financial net expenes	(866)	(416)	(1 282)
Income tax expenses	-	-	-
Profit / (loss) for the period	**3 656**	**75**	**3 731**

As such this modification represents change in accounting policy and is applied retrospectively since the initial application of IFRS 16 Leases (according to IAS 8). The opening balances and other comparative amounts disclosed for prior periods presented in this Financial Statements have been adjusted correspondingly.

The effects of restatement as at 31 December 2020 and for the year ended 31 December 2020 are disclosed in the Financial Statements 2021, Note 5.

6. Events after the balance sheet date

6.1. Operational restructuring: partial asset liquidation

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

Following on the discussion that the Management had with the Ukrainian legal and financial advisors, the restructuration set forth below seems to be the sole option that the Group has now, beside a massive injection of cash. The other option would be to wait on possible states' subsidies at the end of war, not under discussion yet.

In order to separate the Group's clean business from the "toxic" assets, the "toxic" assets that were initially recognized on the balance sheets of the Podolivska and Barvinkivska farms were transferred to newly created Barvinkivska Agro and Podolivska Agro companies together with all related obligations and responsibilities according to distribution balances in August-September 2022. A tender for the selection of a liquidator company was conducted in September 2022. In early October 2022, the contract with the chosen liquidator company was signed. The list of entities that are the subject to further liquidation includes Donets farm, Burlutske farm, newly created Barvinkivska Agro and Podolivska Agro companies. The purpose of the restructuring is to completely write off from the balance sheet of AgroGeneration and its affiliated companies assets, property, property rights and obligations, etc., which were damaged, lost or otherwise negatively affected after February 24, 2022 during the martial law as a result of the armed aggression of the Russian Federation. Expected term of liquidation procedure execution: 9 months

(October 2022 – June 2023). From the moment of corporate rights alienation (the date of contract signing) to the liquidator company, AgroGeneration doesn't bear legal and financial responsibility for any obligations of the entities that are the subject to restructuring (including receivables and payables, contractual obligations and other obligations) regardless of the moment of their occurrence. Liabilities and costs are valued at $1.1M to be paid to the liquidator company (in monthly instalments) in equal amounts for the liquidation execution. Price for those "toxic" lands is $0 as the companies will be liquidated.

Such a management step, launched restructuring of the Group, is primarily a matter of the Company's survival in the current military business environment. As a general outcome of the above-described operational restructuring, the Group will put its performance back on sound footing by getting rid of "toxic" assets and all related obligations to them, thus avoiding significant involuntary spending on non-performing assets (first of all land lease cost, which the Group has to bear even in case of non-operating of the farmlands). From an operational standpoint, the business will be reduced to around 30,000 hectares of cultivated farmlands, with similar reduction in related assets and infrastructure. The head office of the Group will be also optimized in accordance with the new scope business.

7. Summary of significant accounting policies

The principal accounting policies applied are summarized below.

7.1. Basis of preparation and changes in accounting policies

AgroGeneration's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU) as of June 30, 2022. They comprise (i) the IFRS, (ii) the International Accounting Standards (IAS) and (iii) the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

The Group's Consolidated Financial Statements include the Financial Statements of AgroGeneration and those of all its subsidiaries as of June 30, 2022. The Financial Statements of the subsidiaries are prepared for the same accounting period as those of the parent company and are based on the same accounting policies.

The IFRS accounting policies used by AgroGeneration in the preparation of these Consolidated Financial Statements as of June 30, 2022 are the same as for 2021 ones presented, except for those pertaining to the effect of the new or amended standards or interpretations detailed below.

Standards and amendments pronouncements in the European Union for financial period beginning on or after January 1, 2021

New or revised standards

Endorsed by EU

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

<u>*Amendments to the standards*</u>

Endorsed by EU

- Amendments to IFRS 3 – Reference to the Conceptual Framework (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (applied for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (applied for annual periods beginning on or after 1 January 2022).
- Amendment to IFRS 16 Leases – treatment of lease incentives (applied for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 41 Agriculture – Taxation in fair value measurements (applied for annual periods beginning on or after 1 January 2022)
- Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions (the amendment is effective 1 June 2020 but, to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements—interim or annual).
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (applied for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 (applied for annual periods beginning on or after 1 January 2023)
- Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (applied for annual reporting periods beginning on or after 1 April 2021)

Not yet endorsed by EU

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (applied for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (applied for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 8 - Definition of Accounting Estimates (applied for annual reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applied for annual reporting periods beginning on or after 1 January 2023)
- Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 — Comparative Information (applied for annual reporting periods beginning on or after 1 January 2023)

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

7.2. Consolidation

(a) Subsidiaries

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The Group does not exert joint control over any of the entities within its scope of consolidation as at June 30, 2022.

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

(b) Accounting for business combinations

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

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

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

7.3. Foreign currency translation

(a) Functional and presentation currency

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

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

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

(b) Foreign transactions

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

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

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

(c) Translation of Financial Statements expressed in foreign currencies

The income statements and statements of financial position of all Group entities that have a functional currency different from the presentation currency (none having a currency of a hyperinflationary economy as of June 30, 2022) are translated into the presentation currency as follows:

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

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

	June 30, 2022		December 31, 2021		June 30, 2021	
Monetary unit per € 1	Average	Closing	Average	Closing	Average	Closing
Ukrainian Hryvnia (UAH)	31,74	30,78	32,30	30,92	33,49	32,30
American Dollar (USD)	1,10	1,05	1,18	1,13	1,21	1,19

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

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

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

7.4. Intangible assets

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

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

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

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

7.5. Property, plant and equipment

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

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

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

Fixed assets are depreciated over their estimated useful lives:

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

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

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

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

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

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

7.6. Impairment of non-financial assets

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

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

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

7.7. Agriculture

(a) Definitions

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

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

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

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

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

(b) Biological assets

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

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

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

(i) *Crops in fields*

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

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

As of June 30, 2022, the Group had identified for each type of plant growing biological asset their respective principle market, and measures their fair value based on the following:

in determining prices

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

in determining yields

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

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

(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 14).

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 re-measurements 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 2022
Interest on lease liabilities	1 630
Additional lease payments not contractual and not included in the measurement of lease liabilities*	-
Income from sub-leasing right-of-use assets	95
Expenses relating to short-term leases	112

*Estimation of Lease liabilities for right-of-use assets was based on contractual terms until 2020 inclusive. 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. That additional component is attributable to market growing tendency. Beginning January 1, 2021 the Group has changed its accounting policy to estimate lease liabilities based on actual payment terms substantiating that the full payment is constitutes irrevocable liability within the meaning of IFRS 16. As such, additional lease payments are included in the measurement of the lease liabilities within the scope of IFRS 16 Leases. Please refer for more details to the Note 5 of the Consolidated Financial Statements 2021.

Amounts recognized in the statement of cash flows

(in thousands of Euros)	first half 2022
Total cash outflow for leases	442

7.9. Government grants

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

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

7.10. Inventories

(a) Raw material and other supplies

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

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

(b) Finished goods (agricultural produce)

Cf. note 7.7 (c) – Agriculture.

(c) Work in progress

Cf. note 7.7 (d) – Agriculture.

7.11. Share capital

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

7.12. Current and deferred income tax

(a) General tax treatment

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

The tax rates applicable on June 30, 2022 are 25% in France, 18% in Ukraine (see (b) Agricultural tax schemes for agricultural concerns in Ukraine) and 12,5% in Cyprus.

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

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when:

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

(b) Agricultural tax scheme for agricultural companies in Ukraine

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

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

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

Among the 9 legal entities that the Group controls in Ukraine as of June 30, 2022, 6 are involved in agricultural production and are eligible for the special tax regime for agricultural companies in Ukraine in 2022.

7.13. Employees benefits

(a) Pension obligations

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

(b) Termination benefits

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

7.14. Provisions

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

7.15. Revenue

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

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

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

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

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

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

7.16. Share-based payment

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

8. Segment reporting

At the beginning of the year 2022 the Group had one operating segment in Ukraine, which was composed of 9 legal entities operating around 56 000 hectares of farmland. However the hostilities induced significant reduction of the scope of Group operation to c.a. 30,000 hectares as of June 30th, 2022 (ref. Note 2.1 and Note 6.1).

9. Intangible assets and land leases

(in thousands of Euros)	Gross value			Depreciation			Net Book Value		
	Good-will (1)	Others (2)	Total	Good-will	Others	Total	Good-will	Others	Total
December 31, 2020	18 631	329	18 960	(7 738)	(213)	(7 951)	10 893	116	11 009
Change in scope	-	-	**-**	-	-	**-**	-	-	**-**
Purchases of assets	-	32	**32**	-	-	**-**	-	32	**32**
Depreciation	-	-	**-**	(11 208)	(40)	**(11 248)**	(11 208)	(40)	**(11 248)**
Exchange rate differences	315	44	**359**	-	(27)	**(27)**	315	17	**332**
Disposals of assets	-	(1)	**(1)**	-	1	**1**	-	-	**-**
December 31, 2021	18 946	404	19 350	(18 946)	(279)	(19 225)	-	125	125
Change in scope	-	-	**-**	-	-	**-**	-	-	**-**
Purchases of assets	-	20	**20**	-	-	**-**	-	20	**20**
Depreciation	-	-	**-**	-	(17)	**(17)**	-	(17)	**(17)**
Exchange rate differences	-	2	**2**	-	(2)	**(2)**	-	-	**-**
Disposals of assets	-	-	**-**	-	-	**-**	-	-	**-**
Impairment of assets	-	(113)	**(113)**	-	55	**55**	-	(58)	**(58)**
June 30, 2022	18 946	313	19 261	(18 496)	(243)	(19 189)	-	70	70

(1) Goodwill - Impairment test

The Group recognises impairment of the goodwill in the full amount of EUR 11,2 million as of December 31 2021. For more details refer to the Note 9 of the Consolidated Financial Statements 2021.

(2) Other intangible assets include administrative software. Prepayments for land lease rights have been impaired in connection with hostilities and recognised within 2022 losses in the Statement of Income (ref. Note 25).

10. Right of use assets (Land)

(in thousands of Euros)	Gross value	Depreciation	Net value
December 31, 2020 - as restated (Note 5)	**19 919**	**(6 812)**	**13 107**
Additions	82	-	82
Disposals	(27)	7	(20)
Depreciation	-	(3 150)	(3 150)
Exchange rate differences	2 501	(939)	1 562
Other changes	887	918	1 805
December 31, 2021	**23 362**	**(9 976)**	**13 386**
Additions	60	-	60
Disposals	-	-	-
Depreciation	-	(1 596)	(1 596)
Exchange rate differences	214	(89)	125
Other changes	3 260	261	3 521
June 30, 2022	**21 810**	**(6 626)**	**15 496**

The right of use assets for the land, mainly represented by agricultural land, cover rights for the whole scope of lands (around 56,000 ha) that were in operations before the military invasion in Ukraine (Note 2.1) and for which the land lease agreements have been legally in action as of June 30, 2022.

11. Property, plant and equipment

(in thousands of Euros)	Gross value					Depreciation				Net Book Value				
	Build-ings	Agricultu-ral machinery and others	Right-of-use Assets	Construction in progress and prepayments	Total	Build-ings	Agricultu-ral machinery and others	Right-of-use Assets	Total	Build-ings	Agricultu-ral machinery and others	Right-of-use Assets	Construction in progress and prepayments	Total
December 31, 2020 – as restated (Note 5)	6 167	11 258	2 100	600	20 125	-	(270)	(386)	(656)	6 167	10 988	1 714	600	19 469
Purchases of assets	479	1 374	1 174	69	**3 096**	-	-	-	**-**	479	1 374	1 174	69	**3 096**
Depreciation	-	-	-	-	**-**	(834)	(4 578)	(515)	**(5 927)**	(834)	(4 578)	(515)	-	**(5 927)**
Exchange rate differences	780	1 487	297	47	**2 611**	(37)	(232)	(46)	**(315)**	743	1 255	251	47	**2 296**
Disposals of assets	(53)	(294)	-	(38)	**(385)**	6	150	-	**156**	(47)	(144)	-	(38)	**(229)**
Other movements	-	1 113	(395)	(658)	**60**	-	(17)	570	**553**	-	1 096	175	(658)	**613**
December 31, 2021	7 373	14 938	3 176	20	25 507	(865)	(4 947)	(377)	(6 189)	6 508	9 991	2 799	20	19 318
Change in scope	-	-	-	-	**-**	-	-	-	**-**	-	-	-	-	-
Purchases of assets	-	491	13	84	**588**	-	-	-	**-**	-	491	13	84	**588**
Depreciation	-	-	-	-	**-**	(375)	(1985)	(273)	**(2 633)**	(375)	(1 985)	(273)	-	**(2 633)**
Exchange rate differences	(55)	(65)	3	1	**(116)**	4	(8)	(5)	**(9)**	(51)	(73)	(2)	1	**(125)**
Disposals of assets	-	(75)	-	-	**(75)**	-	31	-	**31**	-	(44)	-	-	**(44)**
Other movements	1	62	-	(20)	**43**	-	-	-	**-**	1	62	-	(20)	**43**
Impairment on Tangible assets	(2 911)	(4 796)	(450)	-	**(8 157)**	658	2 479	120	**3 257**	(2 253)	(2 317)	(330)	-	**(4 900)**
June 30, 2022	4 408	10 555	2 740	87	17 790	(578)	(4 430)	(535)	(5543)	3 830	6 125	2 205	87	12 247

Part of property, plant and equipment have been impaired in connection with hostilities and recognised within 2022 losses in the Statement of Income (ref. Note 25).

Property plant and equipment comprise owned and leased assets.

(in thousands of Euros)	June 30, 2022
Property plant and equipment owned	10 042
Right-of-use assets	2 205
Total Property plant and equipment	**12 247**

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

Right-of-use assets

(in thousands of Euros)	Land	Buildings	Agricultural machinery	Total
Balance as of December 31, 2020 - as restated	**13 107**	**139**	**1 575**	**14 821**
Transfer to property plant and equipment owned	-	-	(366)	(366)
Revaluation to fair value	-	-	436	436
Additions	82	-	1 174	1 256
Disposals	(20)	-	-	(20)
Depreciation charge for the year	(3 150)	(184)	(331)	(3 665)
Exchange rate differences	1 562	34	217	1 813
Other changes	1 805	541	-	2 346
Balance as of December 31, 2021	**13 386**	**530**	**2 269**	**16 185**
Transfer to property plant and equipment owned	-	-	-	-
Additions	60	-	13	73
Disposals	-	-	-	-
Depreciation charge for the year	(1 596)	(95)	(178)	(1 869)
Exchange rate differences	125	(1)	7	131
Other changes	3 521	-	-	3 521
Impairment on Tangible assets	-	-	(340)	(340)
Balance as of June 30, 2022	**15 496**	**434**	**1 771**	**17 701**

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.

In the scope of the general credit line agreement with Alfa-Bank Ukraine, the Group had pledged part of its fixed assets. The total net carrying amount of tangible assets pledged as of June 30, 2022 amounts to €4 772k (€ 1 692k pledge on buildings, and € 3 081k pledge on agricultural machinery and other tangible fixed assets). The pledge agreement have been terminated in the 3rd quarter 2022 and the Group has no pledged assets as of the date of publication of these Interim Condensed Financial Statements.

12. Financial assets

(in thousands of Euros)	Non-current			
	Non-consolidated subsidiaries (1)	Other financial assets (2)	Term deposit	Total
December 31, 2020	-	-	342	342
Change in scope	-	-	-	-
Purchases of financial assets	-	3 817	42	**3 859**
Disposals of financial assets	-	(1 275)	(368)	**(1 643)**
Other transactions	-	-	-	-
Exchange rate difference	-	105	28	**133**
December 31, 2021	-	2 647	44	2 691
Purchases of financial assets	-	-	158	**158**
Disposals of financial assets	-	(2 788)	(42)	**(2 830)**
Other transactions	-	-	-	-
Exchange rate difference	-	141	3	**144**
June 30, 2022	-	-	163	163

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

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

(in thousands of Euros)	Financial assets		
	Non-current financial assets	Current financial assets	Total
Balance as of December 31, 2021	-	2 691	2 691
Purchase of financial assets	-	158	**158**
Disposal of financial assets	-	(2 830)	**(2 830)**
Foreign exchange adjustments	-	144	**144**
Balance as of June 30, 2022	-	163	163

13. Inventories

	June 30, 2022				December 31, 2021		
(in thousands of Euros)	*Gross Value*	*Depreciation*	*Impairment*	***Net value***	*Gross Value*	*Depreciation*	***Net value***
Raw materials and other supplies	2 837	(153)	(711)	**1 973**	1 026	(138)	**888**
Works in progress	-	-	-	-	6 008	-	**6 008**
Agricultural produce	4 094	(944)	(2 031)	**1 119**	19 575	-	**19 575**
Total	6 931	(1 097)	(2 742)	3 092	26 609	(138)	26 471

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

As of June 30, 2022, ***agricultural produce*** representing €1 119k, is substantially made up of 6 213 tons of crops mainly from the 2021 harvest (53 710 tons as of December 31, 2021) (cf. Note 14 Biological assets).

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

Part of raw materials and agricultural produce – crop stocks - have been impaired in connection with hostilities and recognised within 2022 losses in the Statement of Income (ref. Note 25).

14. Biological assets

	June 30, 2022			December 31, 2021		
(in thousands of Euros)	*Biological assets at cost*	*Adjustment to fair value*	***Fair value***	*Biological assets at cost*	*Adjustment to fair value*	***Fair value***
Current						
Crops in fields	13 565	(196)	13 369	5 137	7 189	12 326
Livestock	18	-	18	14	-	14
Total current biological assets	**13 583**	**(196)**	**13 387**	**5 151**	**7 189**	**12 340**
TOTAL BIOLOGICAL ASSETS	**13 583**	**(196)**	**13 387**	**5 151**	**7 189**	**12 340**

The Group's biological assets are cereals that are planted as of June 30, 2022 for harvest in the second half of 2022 in Ukraine.

The biological assets of the Group are measured at fair value less estimated costs to sell and are within level 3 of the fair value hierarchy (for more details refer to Note 7.7). At the balance sheet date, the fair value of ***the current crops in fields*** is determined on the basis of the planted area and the following significant unobservable inputs as of June 30, 2022:

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

	June 30, 2022				December 31, 2021			
	Cultivated area (in hectares)	*Average yields (ton / ha)*	*Average price (EURO/ton)*	*Fair value (in kEURO)*	*Cultivated area (in hectares)*	*Average yields (ton / ha)*	*Average price (EURO/ton)*	*Fair value (in kEURO)*
Winter Wheat	15 948	3,0	158	5 744	26 924	4,1	195	12 326
Sunflower	11 736	2,2	356	6 864				
Corn	1 029	6,9	137	625				
Soy	196	2,4	356	136				
TOTAL	**28 909**			**13 369**	**26 924**			**12 326**

If the management team’s assumptions as of June 30, 2022, would have been different by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 1 667 k.

The following table represents movements in biological assets for the year ended December 31, 2021 and six months ended June 30, 2022:

(in thousands of Euros)	Crops	Livestock	TOTAL
Book value as of December 31, 2020 *as restated*	**8 427**	**16**	**8 443**
Current Biological Assets	8 427	16	8 443
Non-current Biological Assets	-	-	-
Reclassification of work in progress to biological assets	3 500	-	3 500
Costs incurred over the period	22 708	18	22 726
Biological assets decrease due to harvest	(43 049)	(23)	(43 072)
Gain/loss due to change in fair value	20 006	-	**20 006**
Exchange rate differences	734	3	737
Book value as of December 31, 2021	**12 326**	**14**	**12 340**
Current Biological Assets	12 326	14	12 340
Non-current Biological Assets	-	-	-
Reclassification of work in progress to biological assets	6 008	-	6 008
Costs incurred over the period	9 943	4	9 947
Biological assets decrease due to harvest	-	-	-
Gain/loss due to change in fair value	**(7 385)**	**-**	**(7 385)**
Impairment of WIP / BA as the result of war	(7 647)		(7 647)
Exchange rate differences	124	-	124
Book value as of June 30, 2022	**13 369**	**18**	**13 387**
Current Biological Assets	13 369	18	13 387
Non-current Biological Assets	-	-	-

Costs incurred to the part of land areas, as of June 30, 2022, have been impaired in connection with hostilities and recognised within 2022 losses in the Statement of Income (ref. Note 25).

This impairment - write-off of costs incurred to both work in progress and bio-logical assets, i.e. sown in late 2021, but not harvested, - reflects induced significant reduction in operated landbank from around 56,000 to 30,000 hectares (Note 2.1, Note 8).

15. Trade and other receivables

(in thousands of Euros)	June 30, 2022	December 31, 2021
Trade receivables	1 411	346
Prepayments to suppliers (1)	1 776	1 670
Other receivables	148	13
Social and tax receivables (excl. VAT receivables)	1 167	807
VAT receivables (2)	118	446
Prepaid expenses	11	12
Trade and other receivables	**4 631**	**3 294**

	June 30, 2022	December 31, 2021
Currency:		
Denominated in EUR	45	38
Denominated in USD	126	-
Denominated in UAH	4 460	3 256
Trade and other receivables	**4 631**	**3 294**

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

(1) The advances paid as of June 30, 2022 correspond to prepayments to suppliers of inputs for the 2022/2023 season.

(2) The VAT receivable as of June 30, 2022 mostly includes:

€78k represents input VAT of Ukrainian entities.

€40k related to the input VAT of AgroGeneration SA.

16. Cash and cash equivalents

(in thousands of euros)	June 30, 2022	December 31, 2021
Cash at bank and in hand	9 314	4 408
Investment securities	-	-
Cash and cash equivalents	**9 314**	**4 408**

The Cash and cash equivalents are denominated in the following currencies as of June 30, 2022:

	June 30, 2022	December 31, 2021
(in thousands of euros)	**Cash and cash equivalents**	**Cash and cash equivalents**
Currency :		
Denominated in EUR	119	80
Denominated in USD	8 443	3 187
Denominated in UAH	752	1 141
Total	**9 314**	**4 408**

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

(in thousands of euros)		June 30, 2022					December 31, 2021				
		Non-current	Current			TOTAL	Non-current	Current			TOTAL
		Borrow-ings	*Borrow-ings*	*Interest*	***Total***		**Borrow-ings**	*Borrow-ings*	*Interest*	***Total***	
Financial lease	(1)	**826**	575	42	**617**	**1 443**	**984**	458	-	**458**	**1 442**
Lease Liabilities for right-of-use assets	(1)	**16 039**	4 314	1 432	**5 746**	**21 785**	**13 770**	3 098	-	**3 098**	**16 868**
Bank borrowings	(2)	-	-	-	-	-	-	-	-	-	-
Other financial debt	(3)	-	6 215	443	**6 658**	**6 658**	-	6 215	74	**6 289**	**6 289**
Total borrowings		**16 865**	11 104	1 917	**13 021**	**29 886**	**14 754**	9 771	74	**9 845**	**24 599**

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

(2) There have been no outstanding bank borrowings, as the Group hasn't attracted bank loans due to strong cash position formed at the end of 2021.

In the scope of the general credit line agreement with Alfa-Bank Ukraine, the Group had pledged part of its fixed assets and corporate rights. The pledge agreement have been terminated in the 3rd quarter 2022 and the Group has no pledged assets as of the date of publication of these Interim Consolidated Financial Statements.

(3) Other financial debt relates to the borrowings from related party Konkur (€6.2m).

The Lease liabilities for the right of use assets for the land, mainly represented by agricultural land, combine liabilities for the whole scope of lands (around 56,000 ha) that were in operations before the military invasion in Ukraine (Note 2.1) and for which the land lease agreements have been legally in action as of June 30, 2022.

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

(in thousands of euros)	**2022**	**2023**	**2024**	**2025**	**2026 and after**	**Total**
Financial lease	617	257	306	203	61	1 443
Bank borrowings	-	-	-	-		-
Other financial debt	6 658	-	-	-		6 658
Total borrowings	**7 275**	**257**	**306**	**203**	**61**	**8 101**

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, 2022		December 31, 2021	
	Variable	Variable	Variable	Fixed
Bank borrowings	-	-	-	-
Financial lease	1 401	-	1 442	-
Lease liabilities for right-of-use assets	-	20 353	-	16 868
Other financial debt	-	6 215	-	6 215
Total borrowings	**1 401**	**26 568**	**1 442**	**23 083**

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

(in thousands of euros)	June 30, 2022	December 31, 2021
Currency:		
EUR	6 658	6 289
USD	1 443	1 442
UAH	21 785	16 868
Total borrowings	**29 886**	**24 599**

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

(in thousands of Euros)	Finance leases	IFRS 16 debts	Bank Borrowings and other financial debts	Total
Balance as of December 31, 2021	**1 442**	**16 868**	**6 289**	**24 599**
Proceeds from borrowings	-	-	-	**-**
Repayment of borrowings	(136)	-	-	**(136)**
Payment of lease liabilities (IFRS16)	-	(442)	-	**(442)**
Interest accrued	67	1 630	369	**2 066**
Interest repaid	(28)	-	-	**(28)**
Foreign exchange adjustments	98	223	-	**321**
Other non-cash movements	-	3 506	-	**3 506**
Balance as of June 30, 2022	**1 443**	**21 785**	**6 658**	**29 886**

The average interest rates of the Group by currency are:

Currency	June 30, 2022	December 31, 2021
EUR	12,00%	12,00%
USD	10,75%	10,75%
UAH	19,71%	19,71%

18. Share Capital

	Share capital in euros	Number of shares	Share premium in euros
December 31, 2020	**11 079 319**	**221 586 387**	**225 041 745**
Additional shares issued (ORNANE full redemption)	-	-	-
December 31, 2021	**11 079 319**	**221 586 387**	**225 041 745**
Additional shares issued (ORNANE full redemption)	-	-	-
June 30, 2022	**11 079 319**	**221 586 387**	**225 041 745**

As of June 30, 2022, the financial instruments in circulation and the respective numbers of shares that could be issued by exercise of these instruments are presented below:

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

19. Provisions

(in thousands of euros)	Provisions for litigation	Provisions for liabilities and expenses	Total
December 31, 2020	**609**	**36**	**645**
Additionnal	-	26	**26**
Reversal (used)	(609)	(36)	**(645)**
Reversal (unused)	-	-	-
Exchange rate differences	-	-	-
December 31, 2021	**-**	**26**	**26**
Additionnal	-	-	-
Reversal (used)	-	(26)	**(26)**
Reversal (unused)	-	-	-
Exchange rate differences	-	-	-
June 30, 2022	**-**	**-**	**-**

The management closely monitors legal and tax litigations and assesses the relating risks (see note 3.2). During 2021 the Group has withdrawn from legal proceedings at the court by signing of the Settlement agreement with its counterparty EHGO. The settlement agreement have been fully executed by December 31, 2021 (see note 2.1 of the Consolidated Financial Statements 2021).

20. Trade and other payables

(in thousands of Euros)	June 30, 2022	December 31, 2021
Trade payables	1 282	961
Advance payments received	261	705
Social & tax payables	1 564	1 532
VAT payables	187	311
Deferred income	(10)	-
Other payables	115	128
Payables on the purchase of fixed assets	-	4
Payables under companies disposal terms (1)	433	872
Funding received from the trade partner (2)	2 107	2 750
Trade and other payables	**5 939**	**7 263**

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

(2) Funding received from the Ukrainian trade partner in the 4th quarter 2021 conditioned on the repayment in cash or by crop sale by the 4th quarter 2022 and have been repaid according to this agreement.

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

(in thousands of Euros)	June 30, 2022	December 31, 2021
Currency:		
Denominated in EUR	497	570
Denominated in USD	-	-
Denominated in UAH	5 442	6 693
Trade and other payables	**5 939**	**7 263**

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, 2022

(in thousands of Euros)	*Note*	**Measured at amortised cost**	**Measured at fair value**		**Total carrying amount June 30, 2022**	**Valued at cost**	**Financial instrument at fair value hierarchy under IFRS 7**		
			through profit or loss	***through share-holders' equity***			***Level 1: quoted prices and cash***	***Level 2: valuation based on obser-vable market data***	***Level 3: valuation based on unobser-vable market data***
Assets									
Financial assets (non-current)	12								
Shares in non-consolidated subsidiaries									
Other financial assets									
Financial assets (current)	12								
Term deposits			163		163		163		
Other financial assets			-		-		-		
Trade and other receivables	15	1 559			1559	1 559			
Cash and cash equivalents	16		9 314		9 314		9 314		
Liabilities									
OSRANE	17								
ORNANE	17								
Non-current and current bank borrowings	17	-			-	-			
Non-current and current financial lease	17	(1 442)			(1 442)	(1 442)			
Lease liabilities for right-of-use assets	17	(21 785)			(21 785)	(21 785)			
Other financial debt	17	(6 658)			(6 658)	(6 658)			
Trade and other payables	20	(3 937)			(3 937)	(3 937)			

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

(in thousands of Euros)	*Note*	Measured at amortised cost	Measured at fair value *through profit or loss*	Measured at fair value *through share-holders' equity*	Total carrying amount December 31, 2021	Valued at cost	Financial instrument at fair value hierarchy under IFRS 7 *Level 1: quoted prices and cash*	Financial instrument at fair value hierarchy under IFRS 7 *Level 2: valuation based on obser-vable market data*	Financial instrument at fair value hierarchy under IFRS 7 *Level 3: valuation based on unobser-vable market data*
Assets									
Financial assets (non-current)	12								
Shares in non-consolidated subsidiaries									
Other financial assets									
Financial assets (current)	12								
Term deposits			44		44		44		
Other financial assets			2 647		2 647		2 647		
Trade and other receivables	15	359			359	359			
Cash and cash equivalents	16		4 408		4 408		4 408		
Liabilities									
OSRANE	17								
ORNANE	17								
Non-current and current bank borrowings	17	-			-	-			
Non-current and current financial lease	17	(1 442)			(1 442)	(1 442)			
Lease liabilities for right-of-use assets	17	(16 868)			(16 868)	(16 868)			
Other financial debt	17	(6 289)			(6 289)	(6 289)			
Trade and other payables	20	(4 715)			(4 715)	(4 715)			

22. Revenues from operating activities

(in thousands of euros)	first half 2022	first half 2021
Sales of agricultural produce (1)	16 057	13 656
Services and others (2)	321	224
Total revenue from operating activities	**16 378**	**13 880**

(1) In first half 2022, AgroGeneration sold 40 455 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 2022	first half 2021
Ukraine	16 378	13 880
France	-	-
Total revenue	**16 378**	**13 880**

Detail of revenue by harvest:

(in thousands of Euros)	first half 2022	first half 2021
Crops revenue	**16 057**	**13 656**
Harvest 2020	-	13 656
Harvest 2021	16 057	-
Services & Other	**321**	**224**
Total Revenue	**16 378**	**13 880**

23. Functional costs / costs by nature

(in thousands of euros)	first half 2022	first half 2021 *restated (Note 5)*
Cost of sales	(15 501)	(7 730)
Administrative & Selling expenses	(2 223)	(1 414)
Costs by function	**(17 724)**	**(9 144)**
Raw materials, purchases services and leasing	(6 844)	(3 949)
Personnel costs	(1 624)	(1 455)
Depreciation	(1 898)	(2 130)
Fair value and impairment adjustment (for goods sold)	(7 315)	(1 580)
Other expenses	(43)	(30)
Costs by nature	**(17 724)**	**(9 144)**

On average, in the first half 2022 the Group had 634 employees.

24. Other income and expense

(in thousands of euros)	first half 2022	first half 2021
Proceeds from fixed assets sold	47	38
Other income	195	43
Other operating Income	**242**	**81**
Net book value of fixed assets sold	(44)	(66)
Other expenses	(180)	(48)
Other operating expenses	**(224)**	**(114)**
Other operating income and expenses	**18**	**(33)**

25. Losses and expenses incurred as the result of war hostilities in 2022

Following the full scale invasion of the Russian troops to Ukraine, temporary occupation of large scale of the Group's operated locations (Note 2.1), the Group has incurred significant losses. These losses combine both material damages and losses, as well as critical negative overall effects undermining future operations (such as decrease of crop prices, increase of raw materials prices, disruption of supply channels, aggravating logistic etc.).

Consequent material losses and costs incurred as the result of hostilities recognized as of June 30, 2022, are disclosed below.

Losses and expenses incurred as the result of war hostilities in 2022 **(in thousands of euros)**	**first half 2022**
Crop stocks losses	1 969
Impairment of crop stocks available as of June 30, 2022	919
Raw materials losses	690
Work in progress losses	7 647
Property, Plant, Equipment and intangible assets losses	4 957
Charitable expenses aimed on assistance to the Armed Forces of Ukraine and suffered population	866
Losses and expenses incurred as the result of war	**17 048**

26. Net financial income / (expenses)

(in thousands of euros)		first half 2022	first half 2021 restated (Note 5)
Cost of debt	(1)	(437)	(573)
Foreign exchange gains and losses		494	1 169
realised foreign exchange gains/(losses)	(2)	*631*	*(11)*
unrealised foreign exchange gains/(losses)	(3)	*(137)*	*1 180*
Other		(1 488)	(1 878)
Net financial expense		**(1 431)**	**(1 282)**

Interest expense

Cost of debt is mostly composed of € 0,3 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, 2022 consist of USD and EURO 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 year and as of reporting date changed from 27,28 UAH/USD on December 31, 2021 to 29,25 UAH/USD on June 30, 2022.

(2) Realised foreign exchange gains and losses (net amount € 631k gain) generated by the Group in first half 2022 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, €95k gain occurred on the repayment of ICO loans and 536k gain occurred on other transactions.

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

- €85k gain mostly related to other debt;
- €222k loss related to the inter-company loans, interest on loans and other ICO debt between Ukrainian, Cyprus and French entities.

Other financial income/(expenses) in first half 2022 includes € 1 630k of the interest expenses related to the implementation of the IFRS 16 standard (€1 553 k in first half 2021)

27. Earnings per share

The basic earnings per share are calculated by dividing:

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

The diluted earnings per share are calculated by dividing:

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

(in thousands of euros)	**first half 2022**	**first half 2021** *restated (Note 5)*
Net consolidated income / (loss) - group from continued activity (K€)	(27 192)	3 731
Net consolidated income / (loss) - group from discontinued activity (K€)	-	-
Net consolidated income / (loss) - group share (K€)	**(27 192)**	**3 731**
Dilution impact (K€)	-	-
Net consolidated income / (loss) after dilution impact	**(27 192)**	**3 731**
Weighted average number of ordinary shares	221 586 387	227 233 309
Potential dilution	-	-
Weighted average number of shares after dilution impact	221 586 387	227 233 309
Net income / (loss) per share (Euros) - group share	**(0,12)**	**0,02**
Net income / (loss) per share (Euros) after dilution - group share	**(0,12)**	**0,02**
Net income/(loss) per share (Euro)	**(0,12)**	**0,02**
Net income/(loss) per share (Euro) after dilution	**(0,12)**	**0,02**

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

28. Transactions with related parties

Material transactions entered into over the period and remaining balances as at June 30, 2022 with parties that have significant influence over the Group are as follows:

kEURO	June 30, 2022 ASSETS	June 30, 2022 LIABILITIES	first half 2022 INCOME	first half 2022 EXPENSE	December 31, 2021 ASSETS	December 31, 2021 LIABILITIES	first half 2021 INCOME	first half 2021 EXPENSE
SigmaBleyzer group : *various entities under common control*								
Management Fees	-	-	-	-	-	-	-	-
Consulting services	-	-	-		-	-	-	-
Loans	-	(6 215)	-	-	-	(6 215)	-	-
Rent of premises*	-	(455)	-	(31)	-	(540)	-	(18)
Interest on loans	-	(443)	-	(370)	-	(74)	-	(370)
Others	-	-		-	-	-	1	-
Key management								
Sergiy Bulavin	-	-	-	(36)	-	-	-	(34)
TOTAL	-	(7 113)	-	(437)	-	(6 829)	(1)	(422)

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

29. List of consolidated companies

All companies are fully consolidated

#	Name	Conso name	Registered office	Activity	June 30, 2022 % of interest	December 31, 2021 % of interest
1	AgroGeneration	AgroGeneration	Paris - France	Group Holding	Consolidating entity	Consolidating entity
2	Marrimore Holdings Ltd	Marrimore	Nicosia - Cyprus	Holding company	100%	100%
3	Harmelia Investments Limited	Harmelia	Nicosia - Cyprus	Holding company	100%	100%
4	AgroGeneration Ukraine LLC	AGG UA	Kyiv - Ukraine	Service operating company	100%	100%
5	APK Donets LLC	DON	Kharkiv - Ukraine	Agricultural producer	100%	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%