

**AGRI EUROPE CYPRUS LIMITED**

**FINANCIAL STATEMENTS**

Year ended 31 December 2021

# AGRI EUROPE CYPRUS LIMITED

## FINANCIAL STATEMENTS

Year ended 31 December 2021

### CONTENTS

### PAGE

Board of Directors and other officers	1
Independent auditor's report	2 - 4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 34
Additional information to the statement of profit or loss and other comprehensive income	35 - 36

# AGRI EUROPE CYPRUS LIMITED

## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Aleksandar Aleks Kostic (Cypriot) Nikolas Anastasis Neofytou (Cypriot) Miodrag Kostic (Cypriot) Andreas Thoma Moustras (Cypriot) Richard Sharko (US) (appointed as of January 1, 2022) Lambros Papadopoulos (Cypriot) (appointed as of January 1, 2022) Jelena Galic (Serbian) (appointed as of January 1, 2022) George Syrichas (Cypriot) (appointed as of January 1, 2022)
<b>Company Secretary:</b>	Trident Trust Company (Cyprus) Limited
<b>Independent Auditors:</b>	BDO Ltd Certified Public Accountants (CY) and Registered Auditors 236 Strovolou Avenue P.C. 2048 Strovolos Nicosia, Cyprus
<b>Registered office:</b>	Street Krinou, 3 THE OVAL, Flat/Office 502, Agios Athanasios, CY-4103, Limassol, Cyprus
<b>Bankers:</b>	UBS AG, Switzerland Eurobank Cyprus Ltd, Cyprus J.P. Morgan Bank, Luxembourg Credit Suisse AG, Switzerland AIK Banka, Serbia

# Independent Auditor's Report

## To the Members of Agri Europe Cyprus Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of parent company Agri Europe Cyprus Limited (the "Company"), which are presented in pages 5 to 34 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Agri Europe Cyprus Limited as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Opinion

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

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the additional information to the statement of profit or loss and other comprehensive income in pages 35 to 36, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.



## Independent Auditor's Report (continued)

### To the Members of Agri Europe Cyprus Limited

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021.

#### *Comparative figures*

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 April 2021.



## Independent Auditor's Report (continued)

To the Members of Agri Europe Cyprus Limited

A handwritten signature in blue ink, appearing to read 'TK' with a flourish.

Terence Kiely  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**BDO Ltd**  
**Certified Public Accountants (CY) and Registered Auditors**

Nicosia, Cyprus  
21 April 2022

**AGRI EUROPE CYPRUS LIMITED****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Year ended 31 December 2021

	Note	2021 €	2020 €
<b>Revenue</b>	8	<b>174,812</b>	112,627,666
Administration expenses		<u>(1,376,484)</u>	<u>(1,028,165)</u>
<b>Operating (loss)/profit</b>	9	<b>(1,201,672)</b>	111,599,501
Finance income	11	<b>632,845</b>	1,174,668
Finance costs	11	<u>(174,814)</u>	<u>(52,557)</u>
<b>(Loss)/profit before tax</b>		<b>(743,641)</b>	112,721,612
Tax	12	<u><b>58,961</b></u>	<u>(59,256)</u>
<b>Net (loss)/profit for the year</b>		<u><b>(684,680)</b></u>	<u>112,662,356</u>
<b>Other comprehensive income</b>			
Gain on revaluation of financial asset at fair value through other comprehensive income		-	<u>12,000</u>
<b>Other comprehensive income for the year</b>		-	<u>12,000</u>
<b>Total comprehensive income for the year</b>		<u><b>(684,680)</b></u>	<u>112,674,356</u>

The notes on pages 9 to 34 form an integral part of these financial statements.

**AGRI EUROPE CYPRUS LIMITED****STATEMENT OF FINANCIAL POSITION**

31 December 2021

	Note	2021 €	2020 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,898,850	1,968,011
Intangible assets	15	-	1,518
Investments in subsidiaries	16	45,500	45,500
Loans receivable	18	<u>148,705</u>	<u>28,090,708</u>
		<u>2,093,055</u>	<u>30,105,737</u>
<b>Current assets</b>			
Receivables	19	238,734	418,525
Loans receivable	18	3,600,000	6,770,276
Financial assets at fair value through other comprehensive income	17	-	30,065,833
Refundable taxes	24	-	3,138
Cash and cash equivalents	20	<u>127,235,591</u>	<u>66,104,916</u>
		<u>131,074,325</u>	<u>103,362,688</u>
<b>Total assets</b>		<u><b>133,167,380</b></u>	<u><b>133,468,425</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	1,213	1,213
Other reserves		-	12,000
Retained earnings		<u>132,630,736</u>	<u>133,315,416</u>
<b>Total equity</b>		<u><b>132,631,949</b></u>	<u><b>133,328,629</b></u>
Trade and other payables	23	535,431	62,270
Borrowings	22	-	25
Current tax liabilities	24	-	77,501
<b>Total equity and liabilities</b>		<u><b>133,167,380</b></u>	<u><b>133,468,425</b></u>

On 21 April 2022 the Board of Directors of Agri Europe Cyprus Limited authorised these financial statements for issue.

.....  
Nicos Neophytou  
Director

DocuSigned by:  
Andreas Moustras  
.....  
C83FC94FE522459  
Andreas Thoma Moustras  
Director

The notes on pages 9 to 34 form an integral part of these financial statements.



**AGRI EUROPE CYPRUS LIMITED****STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2021

	Note	Share capital €	Other Reserve €	Retained earnings/ (Accumulated Losses) €	Total €
<b>Balance at 1 January 2020</b>		<b>1,213</b>	-	<b>67,793,060</b>	<b>67,794,273</b>
<b>Comprehensive income</b>					
Net profit for the year		-	-	112,662,356	112,662,356
Other comprehensive income for the year		-	12,000	-	12,000
Dividends	13	-	-	(47,140,000)	(47,140,000)
<b>Balance at 1 January 2021 as previously reported</b>		<b>1,213</b>	<b>12,000</b>	<b>133,315,416</b>	<b>133,328,629</b>
Adjustment on initial application of IFRS 9 "Derecognition of Financial Instrument"		-	(12,000)	-	(12,000)
<b>Balance at 1 January 2021 as restated</b>		<b>1,213</b>	-	<b>133,315,416</b>	<b>133,316,629</b>
<b>Comprehensive income</b>					
Net loss for the year		-	-	(684,680)	(684,680)
<b>Balance at 31 December 2021</b>		<b>1,213</b>	-	<b>132,630,736</b>	<b>132,631,949</b>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 9 to 34 form an integral part of these financial statements.

# AGRI EUROPE CYPRUS LIMITED

## STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 €	2020 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		(743,641)	112,721,612
Adjustments for:			
Depreciation of property, plant and equipment	14	73,541	71,088
Unrealised exchange loss/(profit)		89	(98)
Amortisation of computer software	15	-	1,806
Dividend income	11	-	(112,440,000)
Interest income	11	(632,656)	(1,174,570)
Interest expense	11	131,400	19,371
		<u>(1,171,267)</u>	<u>(800,791)</u>
<b>Changes in working capital:</b>			
Decrease in receivables		262,280	301,925
Increase/(Decrease) in trade and other payables		473,161	(735,280)
<b>Cash used in operations</b>		<u>(435,826)</u>	<u>(1,234,146)</u>
Tax paid		<u>(15,529)</u>	<u>-</u>
<b>Net cash used in operating activities</b>		<u>(451,355)</u>	<u>(1,234,146)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment	14	(1,371)	(2,426)
Loans granted		-	(800,000)
Loans repayments received		30,060,404	26,770,000
Payment for purchase of Financial Assets at fair value through other comprehensive income		-	(30,000,000)
Redemption of financial assets at fair value through other comprehensive income		30,012,000	-
Interest received		1,642,422	1,077,266
Dividends received		-	112,440,000
<b>Net cash generated from investing activities</b>		<u>61,713,455</u>	<u>109,484,840</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(131,400)	(19,371)
Dividends paid		-	(47,140,000)
<b>Net cash used in financing activities</b>		<u>(131,400)</u>	<u>(47,159,371)</u>
<b>Net increase in cash and cash equivalents</b>		<b>61,130,700</b>	<b>61,091,323</b>
Cash and cash equivalents at beginning of the year		<u>66,104,891</u>	<u>5,013,568</u>
<b>Cash and cash equivalents at end of the year</b>	20	<u><b>127,235,591</b></u>	<u><b>66,104,891</b></u>

The notes on pages 9 to 34 form an integral part of these financial statements.

# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Agri Europe Cyprus Limited (the "Company") was incorporated in Cyprus on 16 March 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3, Krinou Street, THE OVAL, Flat/Office 502, Agios Athanasios, CY-4103, Limassol, Cyprus.

#### Principal activities

The principal activities of the Company is that of an investment holding company.

### 2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from 3, Krinou Street, THE OVAL, Flat/Office 502, Agios Athanasios, CY-4103, Limassol, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2021 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Company.

### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 4. Significant accounting policies (continued)

##### Revenue

##### Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

##### Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

- **Rental income**

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Property rental income**

Rental income from property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 4. Significant accounting policies (continued)

#### Revenue recognition (continued)

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

#### Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

#### Finance income

Interest income is recognised on a time-proportion basis using the effective method.

#### Finance costs

Interest expense and other borrowing costs are charged to the statement of profit or loss and other comprehensive income as incurred.

#### Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency 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 in the statement of profit or loss and other comprehensive income.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 4. Significant accounting policies (continued)

#### Property, plant and equipment (continued)

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	3
Furniture, fixtures and office equipment	20
Computer software	33
Computer hardware	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the statement of profit or loss and other comprehensive income of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement 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 recognised in the statement of profit or loss and other comprehensive income.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss and other comprehensive income in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 4. Significant accounting policies (continued)

#### Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

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

#### Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Financial assets

##### Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through the statement of profit or loss and other comprehensive income), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - Classification (continued)

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss and other comprehensive income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

##### Financial assets - Recognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

##### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss and other comprehensive income. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and other comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.



## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 4. Significant accounting policies (continued)

##### Financial assets (continued)

##### Financial assets - Measurement (continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit or loss and other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss and other comprehensive income and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and other comprehensive income and presented net within "other gains/(losses)" in the period in which it arises.

##### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss and other comprehensive income following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

##### Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in the statement of profit or loss and other comprehensive income and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 4. Significant accounting policies (continued)

##### Financial assets (continued)

##### Financial assets - impairment - credit loss allowance for ECL (continued)

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

##### Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

##### Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

##### Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in the statement of profit or loss and other comprehensive income, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in the statement of profit or loss and other comprehensive income.

# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

##### Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

##### Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

##### Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

##### Payables

Payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 4. Significant accounting policies (continued)

##### Derecognition of financial assets and liabilities

###### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

###### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

##### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

##### Share capital

Ordinary shares are classified as equity.

##### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### 5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 6. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2021 €	2020 €
<b>Fixed rate instruments</b>		
Financial assets	97,738,152	84,860,290
Financial liabilities	-	(25)
<b>Variable rate instruments</b>		
Financial assets	<u>31,311,825</u>	<u>30,065,833</u>
	<u>129,049,977</u>	<u>114,926,098</u>

#### Sensitivity analysis

Any increase/(decrease) in interest rates will have minor effect on results and equity of the Company, because, the variable rate instruments are subject to a minimum interest rate.

#### 6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables.

##### *(i) Risk management*

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'C'.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Company to reduce its credit risk significantly.

##### *(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- receivables
- loans receivable
- cash and cash equivalents

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 6. Financial risk management (continued)

##### 6.2 Credit risk (continued)

###### *(ii) Impairment of financial assets (continued)*

- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

###### *Low credit risk*

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

###### *Default*

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

###### *Write-off*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of profit or loss and other comprehensive income.

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

#### **Loans Receivable and Receivables from related parties**

For loans receivable and receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

The Company does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 6. Financial risk management (continued)

##### 6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

##### Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2021 and 31 December 2020:

Company internal credit rating	External credit rating	2021 €	2020 €
Credit Suisse AG	Aa3	95,664,081	50,838,865
UBS Switzerland AG	Aa2	31,313,049	14,921,675
Eurobank Cyprus	Caa1	258,172	343,765
<b>Total</b>		<b>127,235,302</b>	<b>66,104,305</b>

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

##### 6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Other creditors	51,149	51,149	-	51,149	-	-	-
Payables to related parties	1,551	1,551	-	1,551	-	-	-
	<b>52,700</b>	<b>52,700</b>	-	<b>52,700</b>	-	-	-

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 6. Financial risk management (continued)

##### 6.3 Liquidity risk (continued)

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank overdrafts	25	25	-	25	-	-	-
Other creditors	1,009	1,009	-	1,009	-	-	-
Payables to related parties	100	100	-	100	-	-	-
	<u>1,134</u>	<u>1,134</u>	<u>-</u>	<u>1,134</u>	<u>-</u>	<u>-</u>	<u>-</u>

##### 6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
	€	€	€	€
United States Dollars	-	-	<u>1,225</u>	<u>699</u>
	<u>-</u>	<u>-</u>	<u>1,225</u>	<u>699</u>

##### 6.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

##### Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

#### 7. Critical accounting estimates, judgments and assumptions

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

##### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



# AGRI EUROPE CYPRUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 7. Critical accounting estimates, judgments and assumptions (continued)

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

### 8. Revenue

	2021	2020
	€	€
Dividend income	-	112,440,000
Leasing of office space (Note 26.1)	<u>174,812</u>	<u>187,666</u>
	<u><b>174,812</b></u>	<u><b>112,627,666</b></u>

### 9. Operating (loss)/profit

	2021	2020
	€	€
Operating (loss)/profit is stated after charging the following items:		
Amortisation of computer software (included in "Administration expenses") (Note 15)	-	1,806
Depreciation of property, plant and equipment (Note 14)	73,541	71,088
Staff costs including Directors in their executive capacity (Note 10)	232,453	232,958
Auditors' remuneration - current year	44,030	48,790
Auditors' remuneration - prior years	<u>25,687</u>	<u>22,075</u>

### 10. Staff costs

	2021	2020
	€	€
Salaries	203,974	205,164
Social security costs	<u>28,479</u>	<u>27,794</u>
	<u><b>232,453</b></u>	<u><b>232,958</b></u>

The average number of employees (including Directors in their executive capacity) employed by the Company during the year 2021 and 2020 were 7 and 7 respectively.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 11. Finance income/(costs)

	2021 €	2020 €
Bank interest income	206,124	-
Loan interest	426,532	991,111
Net foreign exchange profit	-	98
Other Interest	189	-
Interest income on financial assets at fair value through other comprehensive income	-	183,459
<b>Finance income</b>	<b>632,845</b>	<b>1,174,668</b>
Net foreign exchange losses	(89)	-
Bank interest expense	(131,400)	(19,371)
Bank charges	(43,325)	(33,186)
<b>Finance costs</b>	<b>(174,814)</b>	<b>(52,557)</b>
<b>Net finance income</b>	<b>458,031</b>	<b>1,122,111</b>

#### 12. Tax

##### 12.1 Tax recognised in the statement of profit or loss and other comprehensive income

	2021 €	2020 €
Corporation tax - current year	-	59,256
Corporation tax - prior years	(58,961)	-
<b>(Credit)/charge for the year</b>	<b>(58,961)</b>	<b>59,256</b>

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2021 €	2020 €
(Loss)/profit before tax	(743,641)	112,721,612
Tax calculated at the applicable tax rates	(92,955)	14,090,202
Tax effect of expenses not deductible for tax purposes	86,103	-
Tax effect of allowances and income not subject to tax	(9,196)	(14,132,789)
Tax effect of tax loss for the year	16,048	101,843
Reversal of income tax provision for 2020 due to group relief	(59,256)	-
Refundable tax for income tax 2012	295	-
<b>Tax charge</b>	<b>(58,961)</b>	<b>59,256</b>

The corporation tax rate is 12,5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 12. Tax (continued)

The Company's chargeable income for the year amounted to €(128,383) which has been set off against tax losses surrendered to the company from other group companies. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2021 the balance of tax losses which is available for offset against future taxable profits amounts to € 128,383.

#### 13. Dividends

	2021	2020
	€	€
Final dividend paid	-	47,140,000
	<u>-</u>	<u>47,140,000</u>

In 2020 the Company's shareholders in General Meeting declared the payment of a final dividend of €47.140.000 (2019: €99.500.000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. From 1 March 2019, dividends are also subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable.

#### 14. Property, plant and equipment

	Building	Furniture, Computer fixtures and office equipment	Computer hardware	Total
	€	€	€	€
<b>Cost</b>				
Balance at 1 January 2020	2,227,364	5,820	14,907	2,248,091
Additions	-	-	2,426	2,426
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>2,227,364</b>	<b>5,820</b>	<b>17,333</b>	<b>2,250,517</b>
Additions	-	-	2,862	2,862
<b>Balance at 31 December 2021</b>	<b>2,227,364</b>	<b>5,820</b>	<b>20,195</b>	<b>2,253,379</b>
<b>Depreciation</b>				
Balance at 1 January 2020	200,463	3,492	7,464	211,419
Charge for the year	66,821	1,164	3,102	71,087
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>267,284</b>	<b>4,656</b>	<b>10,566</b>	<b>282,506</b>
Charge for the year	66,819	1,164	4,040	72,023
<b>Balance at 31 December 2021</b>	<b>334,103</b>	<b>5,820</b>	<b>14,606</b>	<b>354,529</b>
<b>Net book amount</b>				
Balance at 31 December 2021	<u>1,893,261</u>	<u>-</u>	<u>5,589</u>	<u>1,898,850</u>
Balance at 31 December 2020	<u>1,960,080</u>	<u>1,164</u>	<u>6,767</u>	<u>1,968,011</u>

**AGRI EUROPE CYPRUS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2021

**15. Intangible assets**

	<b>Computer software €</b>
<b>Cost</b>	
Balance at 1 January 2020	<u>12,965</u>
<b>Balance at 31 December 2020/ 1 January 2021</b>	<u><b>12,965</b></u>
<b>Balance at 31 December 2021</b>	<u><b>12,965</b></u>
<b>Amortisation</b>	
Balance at 1 January 2020	9,641
Amortisation for the year (Note 9)	<u>1,806</u>
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>11,447</b>
On disposals	<u>1,518</u>
<b>Balance at 31 December 2021</b>	<u><b>12,965</b></u>
<b>Net book amount</b>	
Balance at 31 December 2021	<u><u>-</u></u>
Balance at 31 December 2020	<u><u>1,518</u></u>

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 16. Investments in subsidiaries

	2021	2020
	€	€
Balance at 1 January	<u>45,500</u>	<u>45,500</u>
Balance at 31 December	<u>45,500</u>	<u>45,500</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2021 Holding	2020 Holding	2021	2020
			%	%	€	€
NordAgri N.V. (direct subsidiary)	The Netherlands	Holding Company	100	100	45,500	45,500
M&V Investments a.d. (indirectly owned subsidiary-through Nord Agri N.V. )	Serbia	Holding Company	100	100	-	-
AIK banka a.d. (indirectly owned subsidiary-through M&V Investments a.d.)	Serbia	Banking sector	100	100	-	-
Gorenjska Banka d.d. (indirectly owned subsidiary-through AIK Banka a.d.)	Slovenia	Banking sector	100	100	-	-
GB leasing d.o.o. (indirectly owned subsidiary-through Gorenjska Banka d.d.)	Slovenia	Leasing Company	100	100	-	-
Hypo Alpe-Adria leasing d.o.o. (indirectly owned subsidiary-through Gorenjska Banka d.d.)	Slovenia	Leasing Company	100	100	-	-
Imobilia - GBK d.o.o. (indirectly owned subsidiary-through Gorenjska Banka d.d.)	Slovenia	Real Estate	100	100	-	-
					<u>45,500</u>	<u>45,500</u>

In 12 September 2019, Agri Europe Cyprus Limited, Cyprus ("The Principal") and MK Holding Limited, Cyprus (formerly MK Group Global Limited) ("the Nominee") entered into a scheme of arrangement (the Scheme) which has been sanctioned by the Court and came into effect on December 10, 2019 (the Effective Date). The aim of the scheme was to separate the subsidiaries of the Agri Europe Cyprus Limited group engaged in the banking sector from other business sectors (agriculture, real estate and hotel sector). As a result, Agri Europe Cyprus Limited, will act only as the holding company for the Group's activities in the banking sector through its holding in Nord Agri A.G., Netherlands. As part of the Scheme on the Effective Date the Principal transferred the legal interest of the following assets held by the Principal to the Nominee:

(i) 1.000 ordinary shares of nominal value €1 each in the issued share capital of Oseane Holding Limited, Cyprus with book value of €1,000 representing 100% of the issued share capital of the subsidiary ("nominee shares")

(ii) 1.300 ordinary shares of nominal value €1 each in the issued share capital of MKG Properties Limited, Cyprus with book value of €23,000,300, representing 100% of the issued share capital of the subsidiary ("nominee shares") and

(iii) 1.001 ordinary shares of nominal value €1 each in the issued share capital of MKG Agrinvestment Limited (formerly AEC Agrinvestment Limited), Cyprus with value of €49,307,456.08, representing 100% of the issued share capital of the subsidiary ("nominee shares")

In consideration for the transfer of assets, MK Holding Limited allotted and issued the shares of MK Holding Limited to Agri Holding AG, the sole shareholder of Agri Europe Cyprus Limited, credited as fully paid. The transfer of the Assets was provided for out of the share premium account of Agri Europe Cyprus Limited. For this purpose the share premium of Agri Europe Cyprus Limited was reduced to nil and cancelled. The reduction and cancellation of the share premium account of Agri Europe Cyprus Limited, has been approved by the Court in accordance with sections 64 and 65 of the Law.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 16. Investments in subsidiaries (continued)

On December 10, 2019, The Nominee and the Principal entered into a nominee agreement to postpone the Effective Date to the Cut-Off Date, being December 31, 2019. In pursuance of the nominee agreement, the Nominee and the Principal have been agreed that the Nominee will hold the beneficial interest in the Nominee Shares transferred on trust for the benefit of the Principal from the Effective Date until the Cut-Off Date.

#### 17. Financial assets at fair value through other comprehensive income

	2021	2020
	€	€
Balance at 1 January	30,065,833	30,000,000
Interest receivable	-	53,833
Gain on revaluation of financial asset at fair value through other comprehensive income	-	12,000
Redemption on 16/10/2021	<u>(30,065,833)</u>	-
<b>Balance at 31 December</b>	-	30,065,833
Less non-current portion	-	-
Current portion	<u>-</u>	<u>30,065,833</u>

On 16 April 2020, the Company acquired a debt investment at fair value through other comprehensive income of nominal amount of €30.000.000 from Credit Suisse AG.

The investment paid a floating coupon based on the reference rate (3-month Euribor), subject to a minimum interest rate of 0.85% per annum.

On 1 of November 2021 the investment was redeemed and 100% of the nominal value was received. The redemption amount received of €30,000,000 was transferred to the Company's deposit account with Credit Suisse AG.

#### 18. Loans Receivable

	2021	2020
	€	€
Balance at 1 January	34,860,984	60,787,510
New loans granted	-	800,000
Repayments	(31,538,811)	(27,717,637)
Interest charged	<u>426,532</u>	<u>991,111</u>
<b>Balance at 31 December</b>	<u><b>3,748,705</b></u>	<u><b>34,860,984</b></u>

	2021	2020
	€	€
Loans receivable	3,600,000	6,769,917
Loans to related parties (Note 26.5)	<u>148,705</u>	<u>28,091,067</u>
	<u><b>3,748,705</b></u>	<u><b>34,860,984</b></u>

The loans are repayable as follows:

	2021	2020
	€	€
Within one year	3,600,000	6,770,276
Between one and five years	<u>148,705</u>	<u>28,090,708</u>
	<u><b>3,748,705</b></u>	<u><b>34,860,984</b></u>

Loans are denominated in Euro.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 18. Loans Receivable (continued)

On 26 October 2018, the Company entered into a loan agreement with Altova Real Estate for the principal amount of €7,000,000. The loan is unsecured and can be distributed in one or more tranches until 31 December 2018. The loan also bears an interest at the fixed rate of 2,2% and is repayable within 12 months as of the date of the disbursement of each tranche. On 12 December 2018, the amount of €6,250,000 was disbursed and on 24 May 2019 an amount of €3,249,955 was repaid. An addendum was signed on 8 December 2019 and the repayment date was changed to 15 November 2021. However on 27 December 2021, the loan and interest were repaid in full.

On 10 December 2018, the Company entered into a loan agreement with Aspara Limited, Cyprus for the principle amount of €3,600,000. The loan is unsecured, interest-free and is repayable 15 months after the date of EBRD completion, as per the purchase option agreement between the Company, EBRD and other parties or on the Business day immediately after the Company will receive payment from the sale of EBRD shares, whichever occurs earlier. The repayable date is on 30 June 2020. No repayments were made during the year. However, on 17 March 2022 the amount of €3,582,600 was repaid.

On 13 March 2019, the Company signed a loan agreement with Tampten Nektretine for the principal amount of €150,000. The loan bears interest at the fixed rate of 2,1% per annum and was fully repaid on 15 September 2019. However, on 14 October 2021 an amount of €359 of accrued interest was received.

On 17 May 2019, the Company signed a loan agreement with MKG Properties Limited (formerly AEC Hotels Limited), Cyprus, for the principal amount of €24,760,000. The loan is unsecured, bears interest at the fixed rate of 2,00% per annum and is repayable on 15 September 2030. However, on 25 June and 22 October 2021 the loan and interest were fully repaid in two instalments of €11,304,130 and €14,509,281, respectively.

On 21 June 2019, the Company signed a loan agreement with MKG Properties Limited (formerly AEC Hotels Limited), Cyprus, for the principal amount of €2,300,000. The loan is unsecured, bears interest at the fixed rate of 2,00% per annum and is repayable on 15 September 2030. However, on 25 June 2021 the loan and interest were fully repaid.

On 21 June 2019, the Company signed a loan agreement with Oseane Holdings Limited, Cyprus, for the principal amount of €145,000. The loan is unsecured, bears interest at the fixed rate of 1,00% p.a. on the basis of 360 days and is repayable on 30 June 2024. No repayments were made during the year. However, on 28 January, 31 January and 1 February 2022 the loan and interest were fully repaid in three instalments of €60,000, €60,000 and €28,754, respectively.

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of loans receivable approximate to their carrying amounts as presented above.

#### 19. Receivables

	2021	2020
	€	€
Receivables from related parties (Note 26.4)	237,889	413,171
Shareholders' current accounts - debit balances (Note 26.7)	286	716
Deferred expenses	199	4,278
Other receivables	360	360
	<u>238,734</u>	<u>418,525</u>

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 6 of the financial statements.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 20. Cash and cash equivalents

Cash balances are analysed as follows:

	2021	2020
	€	€
Cash in hand	288	609
Cash at bank	<u>127,235,303</u>	<u>66,104,307</u>
	<u><b>127,235,591</b></u>	<u><b>66,104,916</b></u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

#### 21. Share capital

	2021	2021	2020	2020
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>1,213</u>	<u>1,213</u>	<u>1,213</u>	<u>1,213</u>
<b>Balance at 31 December</b>	<u><b>1,213</b></u>	<u><b>1,213</b></u>	<u><b>1,213</b></u>	<u><b>1,213</b></u>

##### Authorised capital

Upon the date of incorporation of the Company, on March 16, 2011, the authorized share capital of the Company was €5,000 dividend into 5.000 ordinary shares of €1.00 each.

##### Issued capital

Upon incorporation the Parent Company issued to the subscriber of its Memorandum of Association (Agri Holding AG) 1,000 ordinary shares of EUR 1 each at par.

During 2013 the Parent Company issued to its shareholders 100 shares of nominal value EUR 1 each at a premium of EUR 47.62 per share (Agri Holding AG) and 72 shares of nominal value EUR 1 at a premium of EUR 694,437.50 per share (EBRD). During 2016 Agri Holding AG transferred to EBRD 26 ordinary shares out of the Agri Holding AG shares, being the effect of an upward adjustment per the terms of Shareholders Agreement signed during 2013.

On September 7, 2017, the ultimate holding Company Agri Holding A.G., Switzerland signed a Capital Contribution Agreement for the transfer of 100% of the shares in the company Hotel Palace Portoroz d.o.o., Slovenia (hereinafter "HPP") with Agri Europe Cyprus Limited, Cyprus. As consideration payable for the contribution, Agri Europe Cyprus Limited issued 41 ordinary shares with the nominal value of EUR 1 in favour of Agri Holding AG, while the value of capital contribution amounted to EUR 23,000 thousand (the difference represents the share premium in the amount of EUR 22,999,959).

In December 2019 the AEC has transferred 3 out of 4 subsidiaries (all except NordAgri N.V.) to the newly established company MK Group Global, whereas both AEC and MK Group Global are wholly owned by the common owner - Agri Holding AG. As a part of this reconstruction the AEC transferred to the MK Group Global following:

- (i) 1,000 ordinary shares of EUR 1.00 each in Oseane Holding Limited, with book value of EUR 1 thousand
- (ii) 1,300 ordinary shares of EUR 1.00 each in AEC Hotels Limited, with book value of EUR 23,000 thousand
- (iii) 1,101 ordinary shares of EUR 1.00 each in AEC Agrinvestment Limited, with book value of EUR 49,307 thousand



## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 21. Share capital (continued)

Cash and cash equivalents in the amount of EUR 695 thousand and

Share premium in the amount of EUR 73,004 thousand.

Pursuant to the Board of Directors Decision June 2, 2020, on the use and distribution of distributable reserves from the Company's profit not included in the Company's share capital is allocated to interim dividend in the amount of EUR 47,140 thousand to the Company's shareholder.

#### 22. Borrowings

	2021 €	2020 €
<b>Current borrowings</b>		
Bank overdrafts	-	25

#### 23. Trade and other payables

	2021 €	2020 €
VAT	-	3,834
Accruals	482,731	57,327
Other creditors	51,149	1,009
Payables to related companies (Note 26.6)	1,551	100
	<u>535,431</u>	<u>62,270</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

#### 24. Current tax liabilities

	2021 €	2020 €
Tax payable	-	66,444
Tax refundable	-	(3,138)
Special contribution for defence	-	11,057
	<u>-</u>	<u>74,363</u>

#### 25. Operating Environment of the Company

Ukraine conflict

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

Covid-19

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 25. Operating Environment of the Company (continued)

With the development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures. Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as retail, manufacturing and financial services have been indirectly affected. Whilst factors such as mass vaccination programs and less severe strains of the disease have reduced the impact and there has been some degree of stabilisation of the pandemic, uncertainties still remain.

#### 26. Related party balances and transactions

The Company is controlled by Mr. Miodrag Kostic, Serbian.

The related party balances and transactions are as follows:

##### 26.1 Revenue (Note 8)

	2021	2020
	€	€
MK Holding Limited (formerly MKG Group Global Limited), Cyprus	<u>174,812</u>	<u>187,666</u>
	<u><u>174,812</u></u>	<u><u>187,666</u></u>

##### 26.2 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2021	2020
	€	€
Directors' remuneration	<u>64,842</u>	<u>69,747</u>
	<u><u>64,842</u></u>	<u><u>69,747</u></u>

##### 26.3 Finance Income (Note 11)

	2021	2020
	€	€
Oseane Holding Limited, Cyprus	1,470	1,475
MKG Properties Limited (formerly AEC Hotels Limited), Cyprus	-	594,325
Chappano Management Inc., British Virgin Islands	<u>-</u>	<u>328,213</u>
	<u><u>1,470</u></u>	<u><u>924,013</u></u>

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 26. Related party balances and transactions (continued)

##### 26.4 Receivables from related parties (Note 19)

<u>Name</u>	<u>Nature of transactions</u>	2021 €	2020 €
MKG Properties Limited (formerly AEC Hotels Limited), Cyprus	Finance	29,526	29,526
Tampten Limited, Cyprus	Finance	39,897	39,897
Tandexon Limited, Cyprus	Finance	19,404	19,404
Melentya Limited, Cyprus	Finance	32,695	32,695
Mormont Limited, Cyprus	Finance	27,530	27,530
Pleston Limited, Cyprus	Finance	23,898	23,898
Wirfil Limited, Cyprus	Finance	21,960	21,960
Beater Limited, Cyprus	Finance	3,991	3,991
Ermaged Limited, Cyprus	Finance	3,694	3,694
Lopeda Limited, Cyprus	Finance	6,639	6,639
MK Holding Limited (formerly MKG Group Global Limited), Cyprus	Finance	25,366	200,648
Oseane Holding Limited, Cyprus	Finance	3,289	3,289
		<u>237,889</u>	<u>413,171</u>

The receivables from related parties were provided interest free, and there was no specified repayment date.

##### 26.5 Loans to related parties (Note 18)

	<u>Nature of transactions</u>	2021 €	2020 €
Oseane Holding Limited, Cyprus	Finance	148,705	147,233
MKG Properties Limited (formerly AEC Hotels Limited), Cyprus		-	27,943,475
Tampten Nekretnine	Finance	-	359
		<u>148,705</u>	<u>28,091,067</u>

##### 26.6 Payables to related parties (Note 23)

<u>Name</u>	<u>Nature of transactions</u>	2021 €	2020 €
MKG Agrinvestment Limited (formerly AEC Agrinvestment Limited), Cyprus	Finance	100	100
MK Holding Limited (formerly MKG Group Global Limited), Cyprus	Finance	1,451	-
		<u>1,551</u>	<u>100</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

##### 26.7 Shareholder's current account - debit balance (Note 19)

	2021 €	2020 €
Shareholder's current accounts	286	716
	<u>286</u>	<u>716</u>

The shareholder's current account is interest free, and has no specified repayment date.

#### 27. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2021.

## AGRI EUROPE CYPRUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

#### 28. Commitments

The Company had no capital or other commitments as at 31 December 2021.

#### 29. Events after the reporting period

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges. The United Nations, European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future. Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance. The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021 as it is considered as a non-adjusting event.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries. Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remains uncertain. Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any adjustment in case the crisis becomes prolonged.

The loan and interest receivable from Oseane Holdings Limited, Cyprus amounting to €148,754 (including interest) was fully repaid in three instalments on 28 January, 31 January and 1 February 2022, amounting to €60,000, €60,000 and €27,854, respectively. In addition, on 17 March 2022 the amount of €3,582,600 was received in relation to the loan receivable from Aspara Limited, Cyprus amounting to €3,600,000.

Except as stated above, there were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 2 to 4**

## AGRI EUROPE CYPRUS LIMITED

### COMPUTATION OF WEAR AND TEAR ALLOWANCES

Year ended 31 December 2021

Year	%	COST				ANNUAL ALLOWANCES				Net value 31/12/2021 €	
		Balance 01/01/2021 €	Additions for the year €	Disposals for the year €	Balance 31/12/2021 €	Balance 01/01/2021 €	Charge for the year €	On disposals €	Balance 31/12/2021 €		
<b>Building</b>											
THE OVAL - office No 502	2017	3	2,227,364	-	-	2,227,364	267,284	66,821	-	334,105	1,893,259
			<u>2,227,364</u>	<u>-</u>	<u>-</u>	<u>2,227,364</u>	<u>267,284</u>	<u>66,821</u>	<u>-</u>	<u>334,105</u>	<u>1,893,259</u>
<b>Furniture, fixtures and office equipment</b>											
Furnitures & Fittings	2016	20	5,820	-	-	5,820	4,656	1,164	-	5,820	-
Computer Software		33	12,965	-	-	12,965	11,447	1,518	-	12,965	-
			<u>18,785</u>	<u>-</u>	<u>-</u>	<u>18,785</u>	<u>16,103</u>	<u>2,682</u>	<u>-</u>	<u>18,785</u>	<u>-</u>
<b>Computer hardware</b>											
Computer Hardware	2018	20	17,333	-	-	17,333	10,566	3,467	-	14,033	3,300
Acenetworks Ltd	2020	20	-	2,861	-	2,861	-	572	-	572	2,289
			<u>17,333</u>	<u>2,861</u>	<u>-</u>	<u>20,194</u>	<u>10,566</u>	<u>4,039</u>	<u>-</u>	<u>14,605</u>	<u>5,589</u>
Total			<u>2,263,482</u>	<u>2,861</u>	<u>-</u>	<u>2,266,343</u>	<u>293,953</u>	<u>73,542</u>	<u>-</u>	<u>367,495</u>	<u>1,898,848</u>

**AGRI EUROPE CYPRUS LIMITED****COMPUTATION OF CORPORATION TAX**

Year ended 31 December 2021

Net loss per income statement	Page 5	€	€ (743,641)
<u>Add:</u>			
Depreciation		73,541	
Unrealised foreign exchange loss		112	
Fines		1,278	
Irrecoverable VAT		37,181	
Notional Interest		146,060	
Non-allowable legal fees		<u>430,651</u>	
			<u>688,823</u> (54,818)
<u>Less:</u>			
Annual wear and tear allowances	35	73,542	
Unrealised foreign exchange profit		<u>23</u>	
			<u>(73,565)</u>
<b>Net loss for the year</b>			<b><u>(128,383)</u></b>

**Calculation of corporation tax**

	Loss €	Rate %	Total € c
<b>Tax at normal rates:</b>			
Net (loss) as above	<u>(128,383)</u>	12.50	-
<b>TAX PAYABLE</b>			<b><u>-</u></b>

**CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD**

Tax year	2016	2017	2018	2019	2020	2021
	€	€	€	€	€	€
Profits/(losses) for the tax year	-	-	-	-	-	(128,383)
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (128,383)